



# WINSHEAR GOLD

## VALUE DISCOVERY

### CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

## **Independent Auditor's Report**

To the Shareholders of Winshear Gold Corp.

### **Opinion**

We have audited the consolidated financial statements of Winshear Gold Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years 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 March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

## **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 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 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 judgement 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 risks 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.

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 of the audit resulting in this independent auditor's report is Nicole Louli.

**McGovern Hurley LLP**

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
July 29, 2024

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
 (Expressed in Canadian Dollars)

As at

	Note	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash	6	\$ 3,149,066	\$ 137,046
Receivables and prepaids	7, 10	259,609	85,716
Investments	8	6,000	13,500
Total Assets		<u>\$ 3,414,675</u>	<u>\$ 236,262</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	6, 12	\$ 264,696	\$ 186,880
Total Liabilities		<u>264,696</u>	<u>186,880</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	30,018,538	50,361,329
Reserves	11	11,743,110	12,182,327
Deficit		(38,611,669)	(62,494,274)
Total Shareholders' Equity		<u>3,149,979</u>	<u>49,382</u>
Total Liabilities and Shareholders' Equity		<u>\$ 3,414,675</u>	<u>\$ 236,262</u>

*Nature of operations and going concern (Note 1)*
*Commitments and contingencies (Notes 9 and Note 12)*

Approved on behalf of the Board:

*"Richard Williams"*

Richard Williams

*"Andrew Thomson"*

Andrew Thomson

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
 (Expressed in Canadian Dollars)

	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>_OPERATING EXPENSES (INCOME)</b>			
Exploration	9,12	\$ 387,080	\$ 438,227
Filing and transfer agent fees		50,263	19,614
Foreign exchange (gain) loss		(204,536)	8,271
General and administration		74,108	94,961
Marketing		110,870	46,453
Professional fees		961,923	155,623
Provision for VAT receivable		13,612	17,976
Salaries and consulting		319,006	130,859
Share-based payment	11, 12	12,190	48,273
		<u>(1,724,516)</u>	<u>(960,257)</u>
<b>_OTHER INCOME (LOSS)</b>			
Interest income		142,646	-
Loss on investments	8	(7,500)	(13,500)
Gain on settlement	10	25,471,975	-
Net and comprehensive income (loss) for the year		<u>\$ 23,882,605</u>	<u>\$ (973,757)</u>
Basic income (loss) per common share		\$ 0.85	\$ (0.04)
Basic weighted average number of common shares outstanding		27,990,245	22,751,563
Diluted income (loss) per common share	11	\$ 0.82	\$ (0.04)
Diluted weighted average number of common shares outstanding	11	29,187,266	22,751,563

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 (Expressed in Canadian Dollars)

SHARE CAPITAL					
	Number	Amount	Reserves	Deficit	Total
<b>At March 31, 2022</b>	20,528,439	\$ 49,827,543	\$ 12,046,136	\$ (61,520,517)	\$ 353,162
Private placement	3,618,333	562,975	88,325	-	651,300
Share issue costs	-	(34,596)	-	-	(34,596)
Warrant exercise	16,667	5,407	(407)	-	5,000
Share-based payment	-	-	48,273	-	48,273
Loss for the year	-	-	-	(973,757)	(973,757)
<b>At March 31, 2023</b>	<b>24,163,439</b>	<b>\$ 50,361,329</b>	<b>\$ 12,182,327</b>	<b>\$ (62,494,274)</b>	<b>\$ 49,382</b>
Private placement	1,950,000	468,943	116,057	-	585,000
Share issue costs	-	(40,449)	-	-	(40,449)
Warrant exercises	4,018,500	2,065,386	(338,286)	-	1,727,100
Option exercises	1,286,693	694,178	(229,178)	-	465,000
Return of capital	-	(23,530,849)	-	-	(23,530,849)
Share-based payment	-	-	12,190	-	12,190
Income for the year	-	-	-	23,882,605	23,882,605
<b>At March 31, 2024</b>	<b>31,418,632</b>	<b>\$ 30,018,538</b>	<b>\$ 11,743,110</b>	<b>\$ (38,611,669)</b>	<b>\$ 3,149,979</b>

Share Capital (Note 11)



CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Expressed in Canadian Dollars)

	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>OPERATING ACTIVITIES</b>			
Income (loss) for the year		\$ 23,882,605	\$ (973,757)
<b>Items not involving cash:</b>			
Loss on investments	8	7,500	13,500
Share based payment	11	12,190	48,273
<b>Changes in non-cash working capital items:</b>			
Receivables and prepaids		(173,893)	34,174
Trade and other payables		77,816	77,702
Cash flows from (used in) operating activities		<u>23,806,218</u>	<u>(800,108)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placement issuance	11	585,000	651,300
Proceeds from warrant exercises	11	1,727,100	5,000
Proceeds from option exercises	11	465,000	-
Share issuance costs		(40,449)	(34,596)
Return of capital	11	(23,530,849)	-
Cash flows (used in) from financing activities		<u>(20,794,198)</u>	<u>621,704</u>
Change in cash during the year		3,012,020	(178,404)
Cash—beginning of year		137,046	315,450
Cash—end of year		\$ <u>3,149,066</u>	\$ <u>137,046</u>

## 01 NATURE OF OPERATIONS AND GOING CONCERN

Winshear Gold Corp. (the “Company”) was incorporated on November 8, 1998 under the laws of the British Columbia Business Corporations Act. The Company is listed on the TSXV Venture Exchange (the “TSXV”) under the symbol “WINS-V”. The Company’s head office is at 960-789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company’s principal business activities include the acquisition and exploration of mineral exploration assets in Peru. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements (the “Financial Statements”) have been prepared assuming the Company will continue on a going-concern basis. Prior to the year ended March 31, 2024, the Company incurred losses since its inception. During the year ended March 31, 2024, the Company received a settlement from the Government of Tanzania (Note 10), recognized a one-time gain in the Financial Statements, and distributed the majority of the cash from the settlement to the Company’s shareholders as a return of capital (Note 11). The ability of the Company to continue as a going-concern depends upon its ability to continue to raise adequate financing and to develop profitable operations. These Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. Loss of title to a material mineral property interest could be a significant impediment to the Company.

The continuance of the Company’s operations is dependent on obtaining sufficient additional financing to realize recoverability of the Company’s investments in its mineral exploration properties, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors metal commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur. As a result of working capital of \$3,149,979 as of March 31, 2024 (March 31, 2023 - \$49,382) and continuing operating losses, there are uncertainties which exist that cast doubt on the Company’s ability to continue as a going concern.

## 02 BASIS OF PREPARATION

### Statement of Compliance

These Financial Statements have been prepared in accordance with International Accounting Standards (“IAS”) 1, “Presentation of Financial Statements” and utilize accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

## Approval of The Financial Statements

These Financial Statements were authorized for issue by the Board of Directors of the Company on July 29, 2024.

## Basis of Presentation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Effective February 13, 2024, the Company completed a share consolidation on the basis of 3 pre-consolidation common shares for 1 post-consolidation common shares. All share amounts presented have been retroactively adjusted to reflect this consolidation.

## Functional and Presentation Currency

These Financial Statements are presented in Canadian dollars unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

## Basis of Consolidation

These Financial Statements of the Company include the accounts of the Company and its wholly owned subsidiaries, BAFEX Holdings Ltd., BAFEX Tanzania Limited and Winshear de Peru SAC, the principal activity of which is mineral exploration. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company is exposed to or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-company transactions and balances have been eliminated upon consolidation.

## 03 SIGNIFICANT ACCOUNTING POLICIES

### Financial Instruments

#### FINANCIAL ASSETS

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets at amortized cost are measured at amortized cost using the effective interest method. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the

investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. On derecognition, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognized in profit or loss.

The Company's financial assets are classified as follows:

- i. Cash: Amortized cost
- ii. Receivables: Amortized cost
- iii. Investments: FVTPL

#### **FINANCIAL LIABILITIES**

Financial liabilities are designated as either: fair value through profit or loss; or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled, or they expire.

The Company's financial liabilities, which consist of trade and other payables, are classified as amortized cost.

#### **IMPAIRMENT OF FINANCIAL ASSETS**

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined, and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

There were no impairment losses recognized on financial assets during the years ended March 31, 2024 and March 31, 2023.

#### **Cash**

Cash includes cash on account and demand deposits and are subject to insignificant changes in value.

## Exploration and Evaluation Costs

The costs of acquiring and exploring a mineral property are recognized in profit or loss up to the time a decision is made to proceed with the development of the mineral property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it's expected that a documented resource can be legally and economically developed considering forecasted metal prices.

## Impairment of Assets

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

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

## Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets. Decommissioning provisions associated with exploration and evaluation activities are expensed in the period in which the obligation is incurred.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the amount and timing of the Company's estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

## Income Taxes

### CURRENT INCOME TAX

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

### DEFERRED TAX

Deferred taxes are recognized in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company has not recognized any deferred tax assets for the years presented.

## Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase warrants and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

### SHARE ISSUANCE COSTS

Costs directly attributable to equity financing transactions are classified as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely otherwise they are expensed as incurred. Share issue costs are charged to Share Capital when the related shares are issued.

### STOCK OPTIONS

The Company recognizes share-based compensation expense for all stock options awarded based on the fair value of the stock options determined at the date of grant. The fair value of stock options is determined using the Black-Scholes Option Pricing Model ("BSM") with market related inputs. The fair value of stock options is expensed over the vesting periods of the stock options with a corresponding increase to Reserves. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. At the end of each reporting period, the Company reassesses its estimates of the number of stock options that are expected to vest and recognizes the impact of any revisions to this estimate in profit or loss. Upon exercise of the stock option, the amount in Reserves will be transferred to Share Capital.

#### **RETURN OF CAPITAL**

The Company recognizes a cash distribution to its shareholders as a return of capital provided there is sufficient paid-up capital. The distribution is recorded as a reduction of Share Capital.

#### **Basic and Diluted Earnings (Loss) Per Share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated assuming that outstanding share purchase warrants and options, with an average market price that exceeds the average exercise prices of the warrants or options for the reporting period, are exercised, and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the reporting period.

The diluted earnings (loss) per share calculation for the year ended March 31, 2024 excludes 353,223 stock options and 843,797 warrants as their effect is anti-dilutive. Warrants and options were excluded from diluted loss per share for the year ended March 31, 2023 as their effect is anti-dilutive.

#### **Related Party Transactions**

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

#### **Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company's operating segments are components of the Company's business for which discrete financial information is available and which are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

## **04 NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES**

#### **ADOPTED APRIL 1, 2023**

During the year ended March 31, 2024, the Company adopted a number of amendments and improvements of existing standards. These included IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 10 – Consolidated Financial Statements. These new standards did not have a material impact on the Financial Statements.

**FOR ACCOUNTING PERIODS SUBSEQUENT TO YEAR-END**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact on the Company and have been excluded.

IAS 1 - In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2024.

Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

## 05 KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgments made by management in preparing the Financial Statements are described below:

### Estimates

#### VALUATION OF INVESTMENTS

The Company holds marketable securities of a public company that, at times, experiences low trading volumes, and may be subject to periods where its securities are halted from trading, particularly in advance of completing a significant transaction. As such, the last traded price, which is typically used to determine the fair value of publicly traded marketable securities, may not be an accurate measure of the recoverable value of the underlying securities.

#### WARRANTS

The Company determined the fair value of warrants when issued using the BSM. Expected volatility is determined using historical share prices of the Company.



**SHARE-BASED COMPENSATION**

The Company issued stock options that vest over time. In consideration of IFRS 2, the Company determines the fair value at issuance and will recognize amounts over the vesting period to equity and share-based compensation based on the share value at the time of issuance. Expected volatility is determined using historical share prices of the Company.

**RECOVERABILITY AND MEASUREMENT OF DEFERRED TAX ASSETS**

The Company holds losses carried forward and other amounts that may be deducted from future taxable income. Since the Company does not consider it more likely than not that it will have taxable net income in the near future, the deferred tax assets have not been recognized.

**PROVISION FOR CLOSURE AND RECLAMATION**

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time the environmental disturbance occurs. The Company currently does not have any significant legal or constructive obligations relating to the reclamation or closure of its exploration and evaluation property interests, therefore no closure and reclamation liabilities have been recorded as of March 31, 2024 and March 31, 2023.

**INCOME TAXES**

Certain tax positions are subject to uncertainties which exist with respect to the interpretation of tax regulations, including the treatment of the net settlement proceeds on account of capital. The calculation of the Company's taxable income necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments have been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the taxable income, and the income tax expense in future periods.

**Judgments****DETERMINATION OF FUNCTIONAL CURRENCY**

The Company determines the functional currency through an analysis of several indicators of autonomy such as financing activities, expenses and cash flow, retention of operating cash flows, and frequency of transactions with the reporting entity.

**GOING CONCERN**

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

## 06 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair Value Hierarchy

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

Level 1: Unadjusted quote 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

Level 3: Inputs that are not based on observable market data

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables, investments, and trade and other payables. The fair value of investments is measured on the statement of financial position using Level 1 of the fair value hierarchy. The fair value of cash, receivables and trade and other payables approximate their book values due to the short-term nature of these instruments.

### Financial Risk Factors

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency, and price risk.

#### CREDIT RISK

The Company is exposed to industry credit risks arising from its cash and receivables. The Company manages credit risk by holding the majority of its cash with major Canadian financial institutions. The Company's receivables are due from the Federal Government of Canada and Peru. Management believes that credit risk related to these amounts is nominal.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements on an ongoing basis and assess available and required sources of additional capital and financing. As of March 31, 2024, the Company has working capital of \$3,149,979 (March 31, 2023 - \$49,382).

#### INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 10% change in interest rates would result in a nominal difference for the year ended March 31, 2024.

#### FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk on fluctuations related to cash and trade and other payables that are denominated in United States Dollars. Amounts subject to currency risk are primarily cash and

receivables denominated in foreign currencies, which are partially offset by the trade and other payables denominated in that foreign currency.

**The following financial assets and liabilities are denominated in foreign currencies:**

	Stated currency	March 31, 2024	March 31, 2023
Cash	U.S. Dollars	\$ 2,134,034	\$ 13,308
Accounts receivable	U.S. Dollars	\$ 159,329	
Accounts payable	U.S. Dollars	(11,079)	(8,746)
Net in foreign currency	U.S. Dollars	\$ 2,282,284	\$ 4,562
<b>Impact of 10% change in foreign exchange rate</b>	<b>Canadian Dollars</b>	<b>\$ 309,249</b>	<b>\$ 617</b>

**PRICE RISK**

The Company has exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings or valuation of its investments due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors the price of precious metals.

## 07 RECEIVABLES AND PREPAIDS

	March 31, 2024	March 31, 2023
Prepaid expenses	\$ 19,140	\$ 77,239
ICSID fee refund (Note 10)	215,891	
Sales tax receivable - Canada	23,646	8,329
Sales tax receivable - Peru	932	148
<b>Total</b>	<b>\$ 259,609</b>	<b>\$ 85,716</b>

## 08 INVESTMENTS

Damara Gold Corp.	Number of shares	Fair value
As of March 31, 2022	300,000	\$ 27,000
Fair value adjustment	-	(13,500)
<b>As of March 31, 2023</b>	<b>300,000</b>	<b>13,500</b>
Fair value adjustment	-	(7,500)
<b>As of March 31, 2024</b>	<b>300,000</b>	<b>\$ 6,000</b>

## 09 EXPLORATION COSTS

### Expenditures

*Details of the Company's exploration and evaluation expenditures are as follows:*

	Peru: Gaban	Peru: Yang	Peru: ICA	For the year ended March 31, 2024
Field expenses & consumables	\$ 17,137	\$ -	\$ -	\$ 17,137
License fees	83,948	6,446	10,059	100,453
Magnetometer survey	-	-	31,547	31,547
Royalties	16,929	16,929	33,858	67,716
Salaries & wages	24,281	-	-	24,281
Transportation & travel	18,581	-	-	18,581
Exploration office expenses	100,571	13,397	13,397	127,365
<b>Total</b>	<b>\$ 261,447</b>	<b>\$ 36,772</b>	<b>\$ 88,861</b>	<b>\$ 387,080</b>

  

	Peru: Gaban	Peru: Yang	Peru: ICA	For the year ended March 31, 2023
Field expenses & consumables	\$ 37,813	\$ 16,134	\$ -	\$ 53,947
Geochemical analysis	12,163	-	-	12,163
License fees	82,555	15,896	6,702	105,153
Royalties	16,171	16,171	32,343	64,685
Salaries & wages	45,920	-	-	45,920
Transportation & travel	15,036	-	-	15,036
Exploration office expenses	117,086	13,769	10,468	141,323
<b>Total</b>	<b>\$ 326,744</b>	<b>\$ 61,970</b>	<b>\$ 49,513</b>	<b>\$ 438,227</b>

### Property Agreements

#### PERU

On September 19, 2019, the Company acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project (later renamed to the ICA iron-oxide-copper-gold project), both located in Peru, from Palamina Corp. ("Palamina"). In exchange, the Company issued 5,000,000 common shares during the year ended March 31, 2020, and 5,000,000 common shares during the year ended March 31, 2021. The Company paid four annual advance royalty payments to Palamina, \$25,000 USD each on September 19, 2020 and September 19, 2021 and \$50,000 USD each on August 25, 2022 and August 21, 2023. The payment amounts double every two years until the Company has completed 5,000 metres of drilling or has abandoned the properties. For the year ended March 31, 2025, the Company will owe Palamina \$100,000 USD for its annual royalty payment.

Palamina retains a 2% net smelter return royalty ("NSR") on each property. The Company has the right to purchase 50% of each royalty by making a cash payment of USD\$1,000,000 to Palamina at any time prior to the commencement of commercial production

#### LAWS AND REGULATIONS

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## 10 SETTLEMENT WITH TANZANIA

Prior to 2017, the Company had earned a 100% interest in the Saza, Illunga, Gap and Kwaheri Retention Licenses, all within the Lupa Goldfields in southwest Tanzania. The Tanzanian government subsequently expropriated all four of the Retention Licenses. Consequently, on July 14, 2020, Winshear initiated international arbitration proceedings with ICSID (The International Centre for Settlement of Investment Disputes), a part of the World Bank group, in accordance with the 2013 Agreement for the Promotion and Reciprocal Protection of Investments between Canada and Tanzania.

On December 7, 2020, the Company entered into a Litigation Funding Agreement with an affiliate of Delta Capital Partners Management, LLC, a United States-based global private equity and advisory firm specializing in litigation and legal financing ("Delta"). Under the agreement, the Company drew funds from a financing facility to a maximum of US\$3.3 million for all fees and expenses relating to the pursuit of certain claims against the Government of Tanzania. In exchange, Delta was entitled only to a portion of any proceeds awarded to the Company.

On July 15, 2021, the Company filed its memorial with ICSID outlining the nature and quantum of its claims against the Government of Tanzania for the expropriation of the Company's retention licenses. The arbitration proceedings between the Company and the government of Tanzania were held February 2023 at the ICSID.

During the year ended March 31, 2024, the Company agreed with the Government of Tanzania to settle the case and terminate the arbitration proceedings for \$30 million U.S. dollars (\$41,055,000). After payment to Delta and remaining legal costs of \$11,544,695 U.S. dollars (\$15,798,915), the net amount paid to the Company was \$18,455,305 U.S. dollars (\$25,256,084). The Company recognized a gain on settlement of \$25,471,975 in the Statement of Income (Loss). As of March 31, 2024, the Company had a refund receivable of \$159,328 U.S. dollars (\$215,891) from the ICSID for unused arbitration fees. This amount was received subsequent to March 31, 2024. The Company has estimated no tax liability on this gain on settlement as the Company has sufficient non-capital losses available to offset the gain. Tax attributes are subject to review and potential adjustment by tax authorities.

## 11 SHARE CAPITAL AND RESERVES

### Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

### Share Consolidation

Effective February 13, 2024, the Company completed a share consolidation on the basis of 3 pre-consolidation common shares for 1 post-consolidation common shares. All share amounts presented have been retroactively adjusted to reflect this consolidation.

### Issued Share Capital

#### YEAR END MARCH 31, 2023 TRANSACTIONS

On August 19, 2022, the Company issued 3,618,333 units at a price of \$0.18 per unit for gross proceeds of \$651,300 under a private placement financing. Each unit comprised of one common share and half a warrant. Each full warrant is convertible into one common share at an exercise price of \$0.30 and expires August 19, 2024. The value attributed to the warrants was \$88,325. Related parties consisting of officers, directors, and Palamina subscribed for 783,333 units for gross proceeds of \$141,000.

#### YEAR ENDED MARCH 31, 2024 TRANSACTIONS

- a) On May 9, 2023, the Company issued 1,950,000 units at a price of \$0.30 per unit for gross proceeds of \$585,000 under a private placement financing. Each unit comprised of one common share and half a warrant. Each full warrant is convertible into one common share at an exercise price of \$0.45 and expires May 9, 2025. The value attributed to the warrants was \$116,057. Related parties consisting of officers and directors subscribed for 66,667 units for gross proceeds of \$20,000.
- b) On October 26, 2023, the Company announced a shareholder return of capital distribution of \$0.75 per share for shareholders of record on November 23, 2023 and a payment date of December 8, 2023. Based off the total number of common shares outstanding as of November 23, 2023, the distribution payment was \$23,530,849.

## Share Purchase Warrants

The value of warrants issued were determined using the BSM with the following assumptions:

	Fair Value at Date of Grant \$	Grant Date Share Price \$	Exercise Price \$	Expected Volatility	Risk-Free Interest Rate	Expected dividend rate	Expected Life (years)
August 19, 2022	88,325	0.15	0.30	90%	3.09%	0%	2
May 9, 2023	116,057	0.30	0.45	90%	3.72%	0%	2

A summary of the Company's warrants and the changes during the year are as follows:

	Number of warrants	Shares to be issued upon exercise of the warrants	Weighted-average exercise price (\$)
Balance – March 31, 2022	3,089,333	3,089,333	0.56
Issued	1,809,167	1,809,167	0.30
Exercised	(16,667)	(16,667)	0.30
Expired	(1,833,333)	(1,833,333)	0.54
<b>Balance – March 31, 2023</b>	<b>3,048,500</b>	<b>3,048,500</b>	<b>0.42</b>
Issued	975,000	975,000	0.45
Exercised	(4,018,500)	(4,018,500)	0.43
<b>Balance – March 31, 2024</b>	<b>5,000</b>	<b>5,000</b>	<b>0.60</b>

A summary of the Company's warrants as of March 31, 2024 is as follows:

Number of warrants	Exercise price \$	Expiry Date
5,000	0.60	December 1, 2024

## Stock Options

The Company has adopted a stock option plan (the "Stock Option Plan"). The Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Company's board of directors. The maximum expiry date is ten years from the grant date. The Stock Option Plan permits the issuance of stock options which may not exceed 10% of the Company's issued common shares as at the date of grant.

On October 21, 2022, the Company granted 666,666 stock options to employees and consultants. Each stock option had an exercise price of \$0.30 and all were exercised during the year ended March 31, 2024.

The value of the stock options granted was determined using a BSM with the following assumptions:

Grant Date	Fair Value at Date of Grant	Grant Date Share Price \$	Exercise Price \$	Expected Volatility	Risk-Free Interest Rate	Expected dividend rate	Expected Life (years)
October 21, 2022	44,958	0.12	0.30	90%	3.65%	0%	5

*A summary of the Company's stock options and the changes during the year are as follows:*

	Number of options	Weighted-average exercise price (\$)
Balance – March 31, 2022	1,016,667	0.60
Issued	666,666	0.30
Cancelled	(83,333)	0.60
<b>Balance – March 31, 2023</b>	<b>1,600,000</b>	<b>0.45</b>
Exercised	(1,600,000)	0.45
<b>Balance – March 31, 2024</b>	<b>-</b>	<b>-</b>

## Diluted Income Per Share

Diluted income per share is calculated based on the following:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net income (loss) attributable to Company's shareholders for the year	\$ 23,939,563	\$ (973,757)
Basic weighted average # of shares	27,990,245	22,751,563
Basic income per share	\$ 0.86	\$ (0.04)
<b>..EFFECT OF DILUTIVE SECURITIES</b>		
Stock options	353,223	-
Warrants	843,797	-
Dilutive weighted average # of shares	29,187,266	22,751,563
<b>Dilutive income per share</b>	<b>\$ 0.82</b>	<b>\$ (0.04)</b>

## 12 RELATED PARTY TRANSACTIONS

*The Company defines key management personnel as its directors and officers. The Company entered into the following transactions with its key management:*

	Year ended March 31, 2024	Year ended March 31, 2023
Employee salaries and benefits	\$ 830,202	\$ 222,617
Share based payment	9,752	41,719
Exploration costs – field work	26,694	43,671
Exploration costs - royalties	67,715	64,685
Professional fees	92,428	32,979



### Salary deferral

From February 1, 2022 to September 30, 2023, in order to assist the Company, an officer deferred receiving payment of their salary. As of March 31, 2024, the Company owed \$8,603 (March 31, 2023 - \$84,000) to this related party for accrued salary. The amounts due are non-interest bearing, unsecured, and due on demand.

### Management contracts

The Company is party to certain management contracts. These contracts require payment of up to \$360,000 upon the occurrence of a change of control of the Company. The Company is also committed to payments upon termination of \$245,000 pursuant to the terms of these contracts. As a triggering event has not occurred, these amounts have not been recorded in the Financial Statements. Minimum commitments under these contracts due within one year are \$165,000. As of March 31, 2024, the Company owed \$48,837 (March 31, 2023 - \$18,000) to related parties for monthly service fees under their management contracts. The amounts due are non-interest bearing, unsecured, and due on demand.

### Exploration costs

As a result of acquiring the Peru mineral properties from Palamina (Note 9) and having directors in common with the Company, Palamina became a related party. At March 31, 2024, the Company owed Palamina \$2,240 (March 31, 2023 - \$7,570) as reimbursement for shared exploration expenditures incurred on the Peru mineral properties. The amounts due are included in accounts payable and are non-interest bearing, unsecured, and due on demand.

### Professional fees

The Company incurs legal fees with an officer of the Company. As of March 31, 2024, the Company owed this related party \$46,109 (March 31, 2023 - \$6,597). The amounts due are non-interest bearing, unsecured, and due on demand.

### Share transactions

Refer to Note 11 regarding share transactions with related parties.

## 13 SEGMENTED INFORMATION

The Company's reportable operating segments, which are components of the Company's business where separate financial information is available and which are evaluated on a regular basis by the Company's Chief Executive Officer, who is the Company's chief operating decision maker, for the purpose of assessing performance. The Company's operating segments are its exploration and evaluation expenditures, which are disclosed by geographic location in Note 8. All corporate expenses are incurred in Canada.

**Total assets by segment:**

	March 31, 2024	March 31, 2023
Canada	\$ 3,351,948	\$ 229,955
Peru	62,727	6,307
<b>Total assets</b>	<b>\$ 3,414,675</b>	<b>\$ 236,262</b>

## 14 INCOME TAXES

The income tax recovery differs from the amount that would result from applying the federal and provincial income tax rate to loss before income taxes. These differences result from the following items:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Income (Loss) for the year before income tax	\$ 23,882,605	\$ (973,757)
Canadian federal and provincial income tax rates	27%	26.5%
Income tax expense (recovery) based on the above rates	6,448,303	(262,914)
<b>Increase (decrease) due to:</b>		
Difference between statutory and foreign and long-term tax rates	(8,472)	(10,670)
Permanent differences and other	(3,406,079)	54,512
Change in unrecognized deductible temporary differences	(3,033,752)	219,072
<b>Total income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's deferred tax assets that have not been included in the consolidated statement of financial position are as follows:

	2024	2023
<b>Deductible temporary tax differences not recognized:</b>		
Non-capital losses available for future periods	\$ 923,139	\$ 3,974,065
Share issue costs	35,193	18,019
Exploration and evaluation assets	327,384	327,384
Value of deferred income tax assets	<u>1,285,716</u>	<u>4,319,468</u>
Unrecognized deferred income tax assets	(1,285,716)	(4,319,468)
<b>Net deferred income tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

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

The Company has non-capital losses of \$1,627,198 available to offset against Canadian taxable income in future years, which, if unutilized, will expire 2027-2043 and share issue costs of \$81,392 available to offset against Canadian taxable income in future years, which if unutilized will expire through 2027. The Company has non-capital losses of \$1,639,985 available to offset against Peruvian taxable income in future years, which, if unutilized, will expire in 2025-2028. Deferred tax benefits that may arise as a result of these losses and other tax assets have not been recognized in the Financial Statements due to a lack of probability of their realization.

## 15 CAPITAL MANAGEMENT

The Company manages its capital structure based on the funds available to the Company in order to support the acquisition and exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

On December 8, 2023, the Company paid a return of capital of \$23,530,849, the majority of the net cash proceeds received from the settlement from the Government of Tanzania (Note 10). The remaining cash held by the Company will follow the same Company's objectives, policies, and processes for managing capital.