SONORO GOLD CORP

(An Exploration Stage Company)

AMENDED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Expressed in Canadian Dollars)
(Unaudited)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited amended condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these amended condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SONORO GOLD CORP.
(An Exploration Stage Company)
Amended condensed interim consolidated statements of financial position
(Expressed in Canadian Dollars) (Unaudited)

As at	Note		March 31, 2023		December 31, 2022
Assets					
Current assets					
Cash	4	$	48,684	$	87,545
Receivables			17,457		21,557
Prepaid expenses			192,018		283,249
Deferred financing cost	9		296,733		175,553
			554,892		567,904
Non-current assets					
Right of use asset	5		125,905		32,553
Exploration and evaluation assets	6		4,651,012		4,248,949
Total Assets		$	5,331,809	$	4,849,406
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7	$	1,606,701	$	1,381,491
Due to related parties	8		189,049		109,324
Loans payable	9		2,012,231		1,083,908
Lease liability	5		28,413		32,718
			3,836,394		2,607,441
Non-current liability					
Lease liability	5		100,271		-
Total Liabilities			3.936,665		2,607,441
Shareholders' equity					
Share capital	10		26,283,907		26,283,908
Share-based payment reserve	10		2,005,737		2,005,737
Share subscriptions receivable	10		(433,523)		(433,523)
Deficit			(26,460,977)		(25,614,157)
			1,395,144		2,241,965
		$	5,331,809	$	4,849,406

Approved on behalf of the Board:

"Stephen Kenwood" (signed) *"Ken MacLeod" (signed)*

Stephen Kenwood, Director Ken MacLeod, Director

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Amended condensed interim consolidated statements of comprehensive loss
(Expressed in Canadian Dollars) (Unaudited)

For the three months ended March 31	Note		2023		2022
Operating expenses					
Consulting fees	8	$	212,650	$	211,799
Depreciation			30,835		12,207
Exploration expenditures	6		124,742		688,896
Legal and audit			11,251		24,356
Office and administration			31,045		78,892
Transfer agent and filing fees			10,259		19,086
Travel and promotion			213,701		185,775
			(634,482)		(1,221,011)
Other income (expenses)					
Interest income			732		699
Interest expense	5,9		(27,235)		(5,765)
Foreign exchange loss			47,104		(2,241)
Provision for uncollectable VAT	2		(232,940)		(2,241)
			(212,340)		(7,307)
Loss and comprehensive loss for the year		$	(846,822)	$	(1,228,318)
Basic and diluted loss per share		$	(0.01)	$	(0.01)
Weighted average number of shares outstanding			143,470,992		119,260,260

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Amended condensed interim consolidated statements of changes in equity
(Expressed in Canadian Dollars) (Unaudited)

		Share Capital		Share-Based Payment	Subscription		
	Note	Shares	Amount	Reserve	Receivable	Deficit	Shareholders' Equity
Balance, December 31, 2021		119,260,260	$ 22,847,577	$ 1,891,019	$ -	$ (18,706,999)	$ 6,031,597
Net loss for the period		-	-	-	-	(1,228,318)	(1,228,318)
Balance, March 31, 2022		119,260,260	$ 22,847,577	$ 1,891,019	$ -	$ (19,935,317)	$ 4,803,279
Balance, December 31, 2022		143,470,992	$ 26,283,907	$ 2,005,737	$ (433,523)	$ (25,614,156)	$ 2,241,965
Net loss for the period		-	-	-	-	(846,821)	(846,821)
Balance, March 31, 2023		143,470,992	$ 26,283,907	$ 2,005,737	$ (433,523)	$ (26,460,977)	$ 1,395,144

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Amended condensed interim consolidated statements of cash flows
(Expressed in Canadian Dollars) (Unaudited)

For the three months ended March 31	2023	2022
Operating Activities		
Net loss	$ (846,821)	$ (1,228,318)
Items not involving cash		
Depreciation	30,835	12,207
Interest expense	3,390	1,813
Changes in non-cash working capital		
VAT receivables	-	(126,023)
Receivables	4,100	7,791
Prepaid expenses	91,231	2,387
Accounts payable and accrued liabilities	225,211	284,618
Due to related parties	79,725	3,989
Cash Used in Operating Activities	(412,329)	(1,041,535)
Investing Activities		
Expenditures on exploration and evaluation assets	(402,064)	(697,008)
Cash Used in Investing Activities	(402,064)	(697,008)
Financing Activities		
Lease payments	(31,611)	(13,611)
Financing costs	(121,180)	-
Loans payable – related parties	928,323	50,030
Cash Provided by Financing Activities	775,532	36,419
Outflow of Cash and Cash Equivalents	(38,861)	(1,702,124)
Cash and Cash Equivalents, Beginning of Period	87,545	1,761,106
Cash and Cash Equivalents, End of Period	$ 48,684	$ 58,982
Supplemental Disclosure with Respect to Cash Flows		
Interest received	$ 732	$ 699
Interest paid/accrued	$ 27,235	$ 5,765

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sonoro Gold Corp., formerly Sonoro Metals Corp. ("Sonoro" or the "Company") was incorporated in Ontario on November 30, 1944 under the *Company Act* of Ontario. On January 15, 2007, the Company was issued a Certificate of Continuation by the Province of British Columbia. The Company's principal business activity is the acquisition, exploration and development of exploration and evaluation assets. The Company is a publicly-traded company listed on the TSX Venture Exchange ("TSX-V") under the symbol "SGO".

The head office, registered address and records office of the Company are located at Suite 300 – 2489 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7V 1E1.

The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and to finance mineral property acquisitions and future exploration. The Company does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities for financing. The Company will be required to and intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company incurred a net loss of $846,821 during the three months ended March 31, 2023 (2022 - $1,228,318) and has an accumulated deficit of $26,460,977 (December 31, 2022 - $25,614,157) as at March 31, 2023. As at March 31, 2023, the Company had a working capital deficiency of $3,281,502 (working capital on December 31, 2022 - $2,039,537) available to meet its liabilities as they become due. Although these condensed interim consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, or to the recoverability of assets and classification of assets and liabilities, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus, COVID-19, a global pandemic. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares, the value of its portfolio and its ability to raise new capital.

The Board of Directors approved these amended consolidated financial statements for issue on June 2, 2023.

2. BASIS OF PREPARATION AND CONSOLIDATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 - Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

2. BASIS OF PREPARATION (Continued)

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented with the exception of IFRS 16 discussed below.

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, the Company's functional currency, unless otherwise specified.

These consolidated financial statements include the accounts of the Company and its wholly owned integrated subsidiaries, Cap Capital Corp. ("Cap Capital"), Minera Mar de Plata, S.A. de C.V. ("MMP"), Oronos Gold Corp. ("Oronos"), and Minera Breco, S.A. de C.V. ("Breco"). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All significant intercompany transactions and balances have been eliminated upon consolidation.

Accounting policies

These interim condensed consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2022 annual audited consolidated financial statements.

Key sources of estimation uncertainty and critical accounting judgement

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

Value Added Tax ("VAT")

The VAT receivables are generated on the purchase of supplies and services relating to exploration activities and are receivable from the Mexican government. The recovery of VAT involves a complex application process and the timing of collection of VAT receivables is uncertain. Management's assumptions regarding the recoverability of VAT receivable at the end of each reporting period is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the Mexican federal government, which historically has been very slow. While the Company is still pursuing collection, with the delay in processing and collection and no acknowledgement by the Mexican tax authorities regarding the collection of this balance, management determined that an allowance should be provided on the existing VAT receivable, as such, no VAT receivable has been recorded in the financial statements. The timing and amount of VAT ultimately collectable could be materially different from the amount recorded in these consolidated financial statements.

A summary of the changes in VAT for the three months ended March 31, 2023 and the year ended December 31, 2022 are as follows:

VAT receivable	$
Balance, December 31, 2021	1,396,476
Additions	535,704
Balance, December 31, 2022	1,932,180
Additions	232,940
Balance, March 31, 2023	2,165,120

(Expressed in Canadian Dollars) (Unaudited)

2. BASIS OF PREPARATION (Continued)

Value Added Tax ("VAT") (Continued)

Provision for uncollected VAT	
Balance, January 1, 2021 and December 31, 2022	-
Additions	(1,932,180)
Balance, December 31, 2022	(1,932,180)
Additions	(232,940)
Balance, March 31, 2023	(2,165,120)
Carrying amount as at March 31, 2023	-

3. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to be able to identify and continue with the exploration activities on its exploration and evaluation assets. The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue shares from treasury, which is the Company's primary source of funds. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the three months ended March 31, 2023.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as fair value through profit and loss; receivables (excluding input tax credits receivable) as amortized cost, and accounts payable and accrued liabilities and loans and amounts due to related parties, as amortized cost.

Fair value

The carrying values of receivables, accounts payable and accrued liabilities and loans and amounts due to related parties approximate their fair values due to the short-term nature of these financial instruments. Cash and cash equivalents are measured at their market value in accordance with Level 1 of the fair value hierarchy.

4. FINANCIAL INSTRUMENTS (Continued)

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables. The risk arises from the non-performance of counterparties of contracted financial obligations. Credit risk is mitigated as cash and cash equivalents have been placed on deposit with major Canadian and Mexican financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and maximum exposure thereto is as follows:

	March 31, 2023	December 31, 2022
Cash held at major Canadian financial institutions	$ 38,642	$ 76,710
Cash held at major Mexican financial institutions	10,041	10,835
Total cash	$ 48,684	$ 87,545

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company had working capital deficiency at March 31, 2023 in the amount of $3,281,502 (December 31, 2022 – $2,039,537).

Market risk

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

(a) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts. Due to the short- term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2023 and December 31, 2022.

(b) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents and accounts payable and accrued liabilities as a portion of these amounts are denominated in US dollars and Mexican pesos. The Company has not entered into any foreign currency contracts to mitigate this risk.

(Expressed in Canadian Dollars) (Unaudited)

4. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(b) Foreign currency risk (continued)

As at March 31, 2023 and December 31, 2022, the Company's significant exposure to foreign currency risk, based on the consolidated statement of financial position carrying values, were to the Mexican peso and the US dollar, as follows:

	March 31, 2023	
	MXN	USD
Cash	$ 133,036	$ 6,360
VAT receivable	28,653,655	-
Prepaid expenses	17,660	-
Accounts payable and accrued liabilities	(4,710,684)	-
Loans	(15,756,046)	-
Total	8,337,621	6,360
Canadian dollar equivalent	$ 625,655	$ 8,607

	December 31, 2022	
	MXN	USD
Cash	$ 155,072	$ 12,446
Accounts payable and accrued liabilities	(4,375,347)	(343,589)
Loans	(7,683,038)	-
Total	(11,903,313)	(331,143)
Canadian dollar equivalent	$ (827,161)	$ (448,500)

The sensitivity analysis of the Company's exposure to foreign currency risk suggests that a 10% change in foreign exchange rates between the Mexican peso, US dollar and Canadian dollar would impact net income (loss) for the three months ended March 31, 2023 by approximately $70,000 (December 31, 2022 - $94,000).

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

5. RIGHT OF USE ASSET AND LEASE LIABILITY

On December 1, 2021, the Company entered a lease agreement for an office premise which expires on August 30, 2023. The lease liability and right of use asset was measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liability was 9.9% per annum. The lease term remaining as at December 31, 2022 is approximately 0.34 years.

(Expressed in Canadian Dollars) (Unaudited)

5. RIGHT OF USE ASSET AND LEASE LIABILITY (Continued)

On February 1, 2023, the Company entered a second lease agreement for an office premise which expires on January 31, 2025. The lease liability and right of use asset was measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liability was 9.9% per annum. The lease term remaining as at March 31, 2023 is approximately 1.84 years.

The details of the lease liability and right of use assets recognized at inception are as follows:

First Office Lease

	$
Operating lease commitment on December 1, 2021	92,652
Effect of discounting	(7,202)
Lease liability and right of use asset recognized on December 1, 2021	85,450

Second Office Lease

	$
Operating lease commitment on February 1, 2023	144,000
Effect of discounting	(19,813)
Lease liability and right of use asset recognized on February 1, 2023	124,187

Right of Use Asset

The following is the continuity of the cost and accumulated depreciation of the right of use asset as at and for the three months ended March 31, 2023:

Cost	$
Balance, January 1, 2021	-
Additions	85,450
Balance, December 31, 2022	85,450
Additions	124,187
Balance, March 31, 2023	209,637
Accumulated depreciation	
Balance, January 1, 2021	-
Depreciation	4,069
Balance, December 31, 2021	4,069
Depreciation	48,828
Balance, December 31, 2022	52,897
Depreciation	30,835
Balance, March 31, 2023	83,732
Carrying amount as at March 31, 2023	125,905
Carrying amount as at December 31, 2022	32,553

(Expressed in Canadian Dollars) (Unaudited)

5. RIGHT OF USE ASSET AND LEASE LIABILITY (Continued)

Lease liability

The following is the continuity of lease liabilities as at and for the year ended December 31, 2022:

Cost	$
Balance, January 1, 2021	-
Additions	85,450
Lease payments	(4,412)
Interest expense on lease payments	668
Balance, December 31, 2021	81,706
Additions	-
Lease payments	(54,445)
Interest expense on lease payments	5,457
Balance, December 31, 2022	32,718
Additions	124,187
Lease payments	(31,611)
Interest expense on lease payments	3,390
Balance, March 31, 2023	128,684
Less: current portion	(28,413)
Lease liability – noncurrent	100,271

(Expressed in Canadian Dollars) (Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

		Cerro Caliche		San Marcial		Total
December 31, 2021		2,790,792	0	353,649		3,144,441
Acquisition costs		1,104,508		-		1,104,508
Disposition of mineral properties		-		-		-
December 31, 2022		3,895,300		353,649		4,248,949
Acquisition costs		402,063		-		402,063
Disposition of mineral properties		-		-		-
March 31, 2023	$	4,297,363	$	353,649	$	4,651,012

During the three months ended March 31, 2023, the Company incurred the following exploration expenditures:

		Cerro Caliche		San Marcial	Total
Field expenses	$	45,295	$	-	$ 45,295
Drilling		(142,779)		-	(142,779)
Geological fees		95,619		-	95,619
Consulting		84,490		-	84,490
Administration		12,055		-	12,055
Concession taxes		21,458		8,604	30,062
	$	116,138	$	8,604	$124,742

During the three months ended March 31, 2022, the Company incurred the following exploration expenditures:

		Cerro Caliche
Drilling		292,418
Field expenses	$	115,441
Geological fees		181,533
Assays		56,793
Consulting		2,169
Administration		21,726
Travel expenses		64
Concession taxes		15,748
	$	688,896

(Expressed in Canadian Dollars) (Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Cerro Caliche Property

On January 23, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Sonora, Mexico (the “Cerro Caliche Vendor”), to acquire a 100% interest in the Cerro Caliche Group of Concessions (“Cerro Caliche”) located in the municipality of Cucurpe, in northern Sonora State, Mexico.

To exercise the option, the Company must make payments of US$2,982,000 payable in instalments as follows:

December 19, 2017 deposit	US$10,000 (paid)
January 23, 2018 (on signing)	US$117,000 (paid)
January 23, 2019	US$200,000 (paid)
December 13, 2019	US$30,000 (paid))
January 13, 2020	US$135,000 (paid))
April 3, 2020	US$20,000 (paid)
April 30, 2020	US$120,000 (paid)
July 23, 2020	US$200,000 (paid)
January 23, 2021	US$200,000 (paid)
July 23, 2021	US$250,000 (paid)
January 23, 2022	US$250,000 (paid)
July 23, 2022	US$300,000 (paid)
January 23, 2023	US$300,000 (paid)
July 23, 2023	US$400,000
January 23, 2024	US$450,000

Following exercise of the option, the Cerro Caliche Vendor will be entitled to a 2% net smelter returns royalty (“NSR”) (“Cerro Caliche NSR”) from the proceeds of the sale of minerals from the Cerro Caliche project. The Company may purchase the Cerro Caliche NSR at any time for US$1,000,000 for each one percent.

On February 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into a purchase agreement with a resident of Sonora, Mexico to acquire a 100% interest in the Abel concession adjacent to the eastern portion of Cerro Caliche in northern Sonora state, Mexico for a onetime payment of 300,000 pesos (paid - $21,215).

On March 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Tucson, Arizona (the “Rosario Vendor”) to acquire a 100% interest in the Rosario Group of Concessions (“Rosario”) located in the municipality of Cucurpe, in northern Sonora State, Mexico. The Rosario concessions are contiguous to the Company’s Cerro Caliche concessions.

(Expressed in Canadian Dollars) (Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Cerro Caliche Property (Continued)

To exercise the option the Company must make payments totaling US$1,600,000 payable in instalments as follows:

On signing	US$60,000 (paid)
March 14, 2019	US$75,000 (paid)
March 14, 2020	US$90,000 (paid)
March 14, 2021	US$150,000 (paid)
March 14, 2022	US$300,000 (paid)
May 31, 2023	US$375,000 (Note 13)
March 14, 2024	US$550,000

Following exercise of the option, the Rosario Vendor will be entitled to a 2% NSR ("Rosario NSR") from the proceeds of the sale of minerals from the Rosario project. The Company may purchase the Rosario NSR at any time for US$1,000,000 for each one percent.

On March 13, 2023, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount due on March 14, 2023 on May 31, 2023.

(b) San Marcial Property

On July 8, 2014, the Company completed the acquisition of Breco, a private Mexican company that holds the San Marcial project in Sonora, Mexico. The Company acquired all of the issued and outstanding shares of Breco by paying $40,000 cash and issuing 50,000 common shares with a market value of $16,000. The acquisition of Breco was deemed to be the acquisition of an asset.

As a result of the acquisition of Breco, Sonoro assumes the original option agreement obligation with the original optionors of the San Marcial property. Future-stage cash payments to an aggregate of $60,000 over two years and share issuances to an aggregate of 150,000 shares over three years to maintain interest in the underlying San Marcial property option agreement will be made at Sonoro's discretion to the vendors of Breco as follows:

	Cash	Shares
First anniversary date	$30,000	50,000
Second anniversary date	30,000	50,000
Third anniversary date	nil	50,000
	$60,000	150,000

On September 29, 2017, the Company issued the final 50,000 shares due on the third anniversary with a fair value of $7,500.

In September 2012, Breco entered into an option agreement with certain vendors (the "Vendors") whereby Breco acquired a 100% interest in an additional concession that is contiguous to the San Marcial project for cash payments of US $180,000 made between September 2012 to September 2017. The San Marcial concession is subject to a 2% NSR, which may be purchased for US$750,000 at the Company's election.

(Expressed in Canadian Dollars) (Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Realization of assets

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the exploration and evaluation assets, and upon future profitable production or proceeds from the disposition thereof.

(d) Title to mineral properties

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history of many exploration and evaluation assets. Although the Company has taken steps to ensure title to the exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Environmental matters

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its exploration and evaluation assets. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on these assets may be diminished or negated.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	March 31, 2023	December 31, 2022
Trade payables	$ 2,060,500	$ 1,256,662
Accrued liabilities	144,431	124,829
Total	$ 2,204,931	$ 1,381,491

All accounts payable and accrued liabilities for the Company are due within the next 12 months.

(Expressed in Canadian Dollars) (Unaudited)

8. RELATED PARTY TRANSACTIONS

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the three months ended March 31,	
	2023	**2022**
Consulting fees	$ 142,650	$ 142,257

The Company incurred no post-employment benefits, no long-term benefits and no termination benefits.

In January 2023, the Board of Directors reapproved executive compensation plans (“ECPs”) for the Chief Executive Officer (“CEO”) and Executive Chairman (“EC”) of the Company for a three-year term starting from May 1, 2023. Pursuant to the ECPs, the CEO and EC are entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the CEO and EC are entitled to a one-time lump sum payment equivalent to 36 months of the officer’s then-current annual fees, within five business days from the date of the termination notice.

In January 2023, the Board of Directors reapproved the compensation plan for an officer of the Company for a three-year term starting from May 1, 2023. Pursuant to the compensation plan, the officer is entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the officer is entitled to a one-time lump sum payment equivalent to 24 months of the officer’s then-current annual fees within five business days from the date of the termination notice.

At March 31, 2023, $189,049 (2022 - $109,324) is owing to related parties, including management, directors and companies controlled by management, without interest and is payable on demand and is included in accounts payable and accrued liabilities.

At March 31, 2023, $500,000 (2022 - $450,000) of loans payable is owing to related parties these loans bear interest at a rate of 10% per annum and have varying repayment dates (Note 9). In connection with these loans, $60,473 (2022 - $23,125) is accrued as interest and loan fees and is included in accounts payable and accrued liabilities.

9. LOANS PAYABLE

During the three months ended March 31, 2023, the Company issued promissory notes to related parties and a third party in the amount of $928,323 with 10% interest (2022 - $1,731,023 with 10% interest and loan fee ranging from 0% to 7%). The Company repaid $nil (2022 - $800,000) of the promissory notes and paid or accrued $23,603 of interest (2022 - $136,416). As at March 31, 2023, the balance owing was $2,012,231 (2021 - $1,083,908), payable on or before the completion of project financing for the development of the Cerro Caliche mining operation, which is anticipated to close in 2023.

10. SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

i. In October 2022, the Company closed a non-brokered private placement of 4,160,732 units (the “Unit”) at $0.15 per unit for aggregate gross proceeds of $624,110 (the “Offering”). Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.225 per share.

In connection with this private placement, $120,000 is unpaid and is included in subscriptions receivable. The subscribers from which this amount are owed also have amounts accrued in accounts payable and accrued liabilities which may be settled on a net basis, pending regulatory approval.

In connection with the Offering, the Company entered into finder’s fee agreement with GloRes Securities Inc. (“Finder”) pursuant to which the Company paid to the Finder:

- A cash finder’s fee equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the Finder; and
- Non-transferable finder’s warrants equal in number to 7% of the gross proceeds raised from subscribers introduced to the Company by the Finder. Each finder’s warrant entitles the Finder to purchase one common share in the capital of the Company at a price of $0.225 for a period of two years following the closing of the Offering.

In total, the Company paid $3,500 in Finder’s fees and issued 23,333 in non-transferable Finder’s Warrants. The fair value of the finder’s warrants was $700 which has been recorded as share-based payment reserve.

ii. In June 2022, the Company closed a non-brokered private placement offering of 20,050,000 units at $0.15 per unit for proceeds of $3,007,500. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.225 per share.

In connection with this private placement, $313,523 is unpaid and is included in subscriptions receivable. The subscribers from which this amount are owed also have amounts accrued in accounts payable and accrued liabilities which may be settled on a net basis, pending regulatory approval.

In connection with the offering, the Company entered into finder’s fee agreements pursuant to which the Company paid to each arm’s length finder:

- At the election of the finder, either a cash finder’s fee or units equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder; and
- Such number of non-transferable finder’s warrants equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder. Each finder’s warrant entitles the finder to purchase one common share in the capital of the Company at a price of $0.225 for a period of two years following the closing of the offering.

In total, the Company paid $77,061 in finders’ fees and 247,997 in non-transferable finders’ warrants. The fair value of the finder’s warrants was $10,000 which has been recorded as share-based payment reserve.

(Expressed in Canadian Dollars) (Unaudited)

10. SHARE CAPITAL AND RESERVES (Continued)

(c) Stock options

Pursuant to the policies of the TSX-V, under the Company's stock option plan, options to purchase common shares are granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant for a maximum term of five years. The Board of Directors may grant options for the purchase of up to a total of 10% of the outstanding shares at the time of the option grant less the aggregate number of existing options and number of common shares subject to issuance under outstanding rights that have been issued under any other share compensation arrangement. Options granted under the plan may vest over a period of time at the discretion of the Board of Directors.

A summary of the Company's outstanding and exercisable stock options is as follows:

	March 31, 2023			December 31, 2022			
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price	
Balance, beginning of year	9,650,000	$	0.26	9,850,000	$	0.26	7,565,000
Expired	(2,140,000)		(0.12)	(200,000)		(0.12)	(150,000)
Balance, end of year	7,510,000	$	0.26	9,650,000	$	0.26	9,850,000

No stock options were granted during the three months ended March 31, 2023 and during the year ended December 31, 2022.

The following summarizes information on the number of stock options outstanding:

Expiry Date	Exercise Price	March 31, 2023	December 31, 2022
January 10, 2023	$ 0.15	-	2,140,000
May 18, 2023	$ 0.30	2,000,000	2,000,000
May 31, 2023	$ 0.15	200,000	200,000
June 3, 2023	$ 0.30	100,000	100,000
August 26, 2023	$ 0.30	4,125,000	4,125,000
September 4, 2023	$ 0.30	550,000	550,000
January 25, 2024	$ 0.30	535,000	535,000
		7,510,000	9,650,000

The weighted average remaining contractual life for the outstanding options at March 31, 2023 is 0.35 (December 31, 2022 – 0.47) years.

(d) Warrants

The Company's warrant activity for the three months ended March 31, 2023 is as follows:

	Number of Financing Warrants	Number of Finders Warrants	Weighted Average Exercise Price $
December 31, 2021	70,313,891	2,721,050	0.30
Issued	24,210,732	271,330	0.23
March 31, 2023 and December 31, 2022	94,524,623	2,992,380	0.28

(Expressed in Canadian Dollars) (Unaudited)

10. SHARE CAPITAL AND RESERVES (Continued)

The following summarizes information on the number of warrants outstanding:

Expiry Date	Exercise Price	March 31, 2023	December 31, 2022
April 20, 2023	$ 0.30	17,461,230	17,461,230
August 12, 2023	$ 0.30	38,643,597	38,643,597
December 20, 2023	$ 0.30	16,930,114	16,930,114
June 30, 2024	$0.225	, 20,293,997	, 20,293,997
October 19, 2024	$0.225	4,184,065	4,184,065
		97,513,003	97,513,003

Subsequent to the three months ended March 31, 2023, 17,461,230 warrants expired unexercised.

11. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. The Company's significant assets are distributed by geographic locations as follows:

As at March 31, 2023:

	Exploration and Evaluation Assets
Mexico	$ 4,651,012

As at December 31, 2022:

	Exploration and Development Assets
Mexico	$ 4,248,949

12. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In September 2021, the Company entered into a commercial property lease commencing on December 1, 2021 and ending on August 30, 2023 for a monthly rent of $4,412 (Note 5).

The Company has entered into option agreements to acquire certain exploration properties in Mexico. For the option agreements to remain in good standing, the Company is committed to making periodic payments. (Note 5)

In January 2023, the Company entered into a commercial property lease commencing on February 1, 2023 and ending on January 31, 2025 for a monthly rent of $4,067. The Company is trying to sublease the existing commercial property lease, which ends on August 30, 2023 (Note 5).

13. EVENTS AFTER THE REPORTING PERIOD

On May 26 2023, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount due on May 31, 2023 on July 31, 2023.

(Expressed in Canadian Dollars) (Unaudited)

14. RESTATEMENT OF PREVIOUSLY REPORTED FINANCIAL STATEMENTS

The Company is restating its statements of financial position as at March 31, 2023 and its statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the three months ended March 31, 2023. The restatement reflects the reversal of certain exploration expenditures related to three months ended March 31, 2023.

Statement of financial position as of March 31, 2023		**As previously reported**	**Adjustments**		**As restated**
Assets					
Current assets					
Cash	$	48,684	$ -	$	48,684
Receivables		17,457	-		17,457
Prepaid expenses		192,018	-		192,018
Deferred financing cost		296,733	-		296,733
		554,892	-		554,892
Non-current assets					
Right of use asset		125,905	-		125,905
Exploration and evaluation assets		4,651,012	-		4,651,012
Total Assets	$	5,331,809	$ -	$	5,331,809
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	$	2,204,931	$ 598,230	$	1,606,701
Due to related parties		189,049	-		189,049
Loans payable		2,012,231	-		2,012,231
Lease liability		28,413	-		28,413
		4,434,624	$ 598,230		3,836,394
Non-current liability					
Lease liability		100,271	-		100,271
Total Liabilities		4.534,895	-		3.936,665
Shareholders' equity					
Share capital		26,283,908	-		26,283,907
Share-based payment reserve		2,005,737	-		2,005,737
Share subscriptions receivable		(433,523)	-		(433,523)
Deficit		(27,059,208)	$ (598,230)		(26,460,978)
		796,913	$ -		1,395,143
	$	5,331,809	$ -	$	5,331,809

(Expressed in Canadian Dollars) (Unaudited)

Condensed interim consolidated statement of comprehensive loss for the three months ended March 31, 2023		**As previously reported**		**Adjustments**		**As restated**
Operating expenses						
Consulting fees	$	212,650	$	-	$	212,650
Depreciation		30,835		-		30,835
Exploration expenditures		722,972		(598,230)		124,742
Legal and audit		11,251		-		11,251
Office and administration		31,045		-		31,045
Transfer agent and filing fees		10,259		-		10,259
Travel and promotion		213,701		(1)		213,700
		(1,232,713)		(598,230)		(634,482)
Other income (expenses)						
Interest income		732		-		732
Interest expense		(27,235)		(1)		(27,236)
Foreign exchange loss		47,104		-		47,104
Provision for uncollectable VAT		(232,940)		-		(232,940)
		(212,339)		(1)		(212,440)
Loss and comprehensive loss for the year	$	(1,445,052)	$	(598,230)	$	(846,822)
Basic and diluted loss per share	$	(0.01)	$	(0.01)	$	(0.01)
Weighted average number of shares outstanding		143,470,992		143,470,992		143,470,992

Statement of changes in equity for the three months ended March 31, 2023		**As previously reported**		**Adjustments**		**As restated**
Net loss for	$	(1,445,052)	$	598,230	$	(846,822)
Accumulated deficit		27,059,208		(598,230)		26,460,978
Shareholders equity	$	796,913	$	598,230		1,395,143

(Expressed in Canadian Dollars) (Unaudited)

Condensed interim consolidated statement of cash flow for the three months ended March 31, 2023	**As previously reported**	**Adjustments**	**As restated**
Operating Activities			
Net loss	$ (1,445,052)	$ 598,230	$(846,822)
Items not involving cash			
Depreciation	30,835	-	30,835
Interest expense	3,390	-	3,390
Changes in non-cash working capital		-	
VAT receivables	-	-	-
Receivables	4,100	-	4,100
Prepaid expenses	91,231	-	91,231
Accounts payable and accrued liabilities	823,442	(598,230)	225,212
Due to related parties	79,725	-	79,725
Cash Used in Operating Activities	(412,329)	-	(412,329)
Investing Activities			
Expenditures on exploration and evaluation assets	(402,064)	-	(402,064)
Cash Used in Investing Activities	(402,064)	-	(402,064)
Financing Activities			
Lease payments	(31,611)	-	(31,611)
Financing costs	(121,180)	-	(121,180)
Loans payable – related parties	928,323	-	928,323
Cash Provided by Financing Activities	775,532	-	775,532
Outflow of Cash and Cash Equivalents	(38,861)	-	(38,861)
Cash and Cash Equivalents, Beginning of Period	87,545	-	87,545
Cash and Cash Equivalents, End of Period	$ 48,684	$ -	$ 48,684
Supplemental Disclosure with Respect to Cash Flows			
Interest received	$ 732	$ -	$ 699
Interest paid/accrued	$ 27,235	$ -	$ 5,765