

MANTARO PRECIOUS METALS CORP.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended August 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

Mantaro Precious Metals Corp.

Condensed Interim Consolidated Financial Statements

Six months ended August 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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 financial statements have not been reviewed by an auditor.

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

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at August 31, 2023 and February 28, 2023
(Unaudited - Expressed in Canadian Dollars)

	Notes	August 31, 2023 \$	February 28, 2023 \$
ASSETS			
Current assets			
Cash		5,774	338,729
Prepaid expenses and deposits		21,906	63,635
Accounts receivable		13,279	44,487
		<u>40,959</u>	446,851
Non-current assets			
Equipment		11,376	108,555
Exploration and evaluation assets	5	<u>2,881,271</u>	8,573,272
		2,892,647	8,681,827
Total assets		<u>2,933,606</u>	9,128,678
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	6,10	488,254	437,684
Demand loans	7	<u>92,273</u>	-
		580,527	437,684
Non-current liabilities			
Reclamation provision	8	-	393,000
		-	393,000
Total liabilities		<u>580,527</u>	830,684
EQUITY			
Share capital	9	12,209,372	11,769,938
Reserves		3,401,607	3,367,949
Accumulated other comprehensive loss ("AOCL")		-	(11,759)
Deficit		<u>(13,257,900)</u>	(8,041,495)
Total equity attributable to owners		2,353,079	7,084,633
Non-controlling interest		-	1,213,361
Total equity		<u>2,353,079</u>	8,297,994
Total liabilities and equity		<u>2,933,606</u>	9,128,678

Nature of Operations (Note 1)

Going Concern (Note 2)

Subsequent Events (Notes 7 and 13)

Approved by the Board of Directors on October 26, 2023

"Charles Hethey" Director
Charles Hethey

"Jacob Garland" Director
Jacob Garland

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three and six months ended August 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

		Three months ended August 31,		Six months ended August 31,	
		2023	2022	2023	2022
	Notes	\$	\$	\$	\$
EXPENSES					
Accounting and audit	10	38,110	38,200	106,110	79,204
Amortization		1,443	1,550	2,886	2,091
Directors' fees	10	10,010	30,870	20,189	62,181
Foreign exchange loss		2,455	10,444	4,064	12,854
Legal fees	10	49,984	53,986	100,621	84,712
Management and consulting	10	23,192	70,816	67,156	145,716
Office and miscellaneous		17,408	23,258	23,564	34,827
Regulatory and transfer agent fees		10,771	9,849	20,669	15,727
Shareholder communications	10	339,776	78,571	410,108	142,847
Share-based payments	9(c)	-	-	-	47,167
Loss before other items		(493,149)	(317,544)	(755,367)	(627,326)
Other income (expense) items					
Interest income		-	11,867	871	17,684
Impairment	5	(130,000)	(1,733,756)	(130,000)	(1,733,756)
Loss on disposal of Minera Golden Hill S.R.L.	5	(4,301,776)	-	(4,301,776)	-
Net loss for the period from continuing operations		(4,924,925)	(2,039,433)	(5,186,272)	(2,343,398)
Loss from discontinued operations	5	(16,869)	-	(49,476)	-
Net loss for the period		(4,941,794)	(2,039,433)	(5,235,748)	(2,343,398)
Other comprehensive loss					
Exchange gain on translation of foreign operations		211	-	847	-
Reclassification of translation of foreign operations on disposal of subsidiary	5	10,912	-	10,912	-
Comprehensive loss for the period		(4,930,671)	(2,039,433)	(5,223,989)	(2,343,398)
Net loss attributable to:					
Owners of the parent company		(4,935,978)	(2,039,433)	(5,216,405)	(2,343,398)
Non-controlling interest		(5,816)	-	(19,343)	-
		(4,941,794)	(2,039,433)	(5,235,748)	(2,343,398)
Loss per share attributable to the owners of the parent company – basic and diluted	9(f)	(0.07)	(0.03)	(0.07)	(0.04)
Loss per share attributable to non-controlling interest – basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding – basic and diluted		71,554,603	61,584,159	70,078,456	61,535,246

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended August 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	2023 \$	2022 \$
Cash (used in) provided by		
OPERATING ACTIVITIES		
Net loss for the period	(5,235,748)	(2,343,398)
Non-cash items:		
Accretion	10,000	-
Amortization	2,886	2,091
Share-based payments	-	47,167
Impairment	130,000	1,733,756
Loss on disposal of Minera Golden Hill S.R.L. (Note 5)	4,301,776	-
	(791,086)	(560,384)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	28,831	(23,833)
Accounts receivable	(21,914)	(16,524)
Accounts payable and accrued liabilities	307,629	37,018
	(431,233)	(563,723)
Cash flows used in operating activities from continuing operations	(45,307)	-
Cash flows used in operating activities from discontinued operations	(476,540)	(563,723)
Cash flows used in operating activities	(431,233)	(563,723)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(199,394)	(2,284,926)
Purchase of property and equipment	-	(12,402)
Disposal of Minera Golden Hill S.R.L. (Note 5)	(113)	-
	(94,636)	(2,297,328)
Cash flows used in investing activities from continuing operations	(104,871)	-
Cash flows used in investing activities from discontinued operations	(199,507)	(2,297,328)
Cash flows used in investing activities	(199,507)	(2,297,328)
FINANCING ACTIVITIES		
Issuance of common shares	365,370	-
Share issuance costs	(22,278)	-
	343,092	-
Cash flows from financing activities from continuing operations	343,092	-
Decrease in cash	(332,955)	(2,861,051)
Cash, beginning	338,729	4,579,522
Cash, ending	5,774	1,718,471
Cash paid for interest	-	-
Cash paid for income taxes	-	-

Non-cash Transactions (Note 12)

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended August 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Reserves \$	AOCL \$	Deficit \$	Total Equity \$	Non-controlling Interest \$	Total \$
Balance, February 28, 2022	61,486,333	11,694,938	3,211,917	-	(4,965,118)	9,941,737	-	9,941,737
Issued during the period:								
Common shares pursuant to mineral property agreements	1,000,000	75,000	-	-	-	75,000	-	75,000
Warrants pursuant to mineral property agreements	-	-	22,391	-	-	22,391	-	22,391
Share-based payments	-	-	47,167	-	-	47,167	-	47,167
Comprehensive loss for the period	-	-	-	-	(2,343,398)	(2,343,398)	-	(2,343,398)
Balance, August 31, 2022	62,486,333	11,769,938	3,281,475	-	(7,308,516)	7,742,897	-	7,742,897
Acquisition of 51% of Minera Golden Hill S.R.L. (Note 5)	-	-	-	-	-	-	1,232,644	1,232,644
Share-based payments	-	-	86,474	-	-	86,474	-	86,474
Comprehensive loss for the period	-	-	-	(11,759)	(732,979)	(744,738)	(19,283)	(764,021)
Balance, February 28, 2023	62,486,333	11,769,938	3,367,949	(11,759)	(8,041,495)	7,084,633	1,213,361	8,297,994
Issued during the period:								
Units pursuant to private placement	7,307,400	336,477	28,893	-	-	365,370	-	365,370
Finders' warrants	-	(4,765)	4,765	-	-	-	-	-
Cash issuance costs	-	(22,278)	-	-	-	(22,278)	-	(22,278)
Common shares pursuant to mineral property agreement	2,000,000	130,000	-	-	-	130,000	-	130,000
Disposal of 51% of Minera Golden Hill S.R.L. (Note 5)	-	-	-	10,912	-	10,912	(1,194,018)	(1,183,106)
Comprehensive loss for the period	-	-	-	847	(5,216,405)	(5,215,558)	(19,343)	(5,234,901)
Balance, August 31, 2023	71,793,733	12,209,372	3,401,607	-	(13,257,900)	2,353,079	-	2,353,079

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

MANTARO PRECIOUS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended August 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Mantaro Precious Metals Corp. (the "Company", "Mantaro") was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is an exploration stage company focusing on mineral properties in Bolivia and Peru. The Company's head and registered and records office is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "MNTR.V", the Frankfurt Stock Exchange under the symbol "9TZ" and are quoted on the OTC Pink Market under the symbol "MSLVF".

2. Going Concern

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

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

At August 31, 2023, the Company had not yet achieved profitable operations, had a working capital deficiency of \$539,569, had an accumulated deficit of \$13,257,900 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The above factors form a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

3. Basis of Presentation and Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended February 28, 2023 except as outlined in Note 4.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

These condensed interim consolidated financial statements were approved by the Board of Directors on October 26, 2023.

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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2023 and 2022

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4. Accounting Standards Issued but Not Yet Effective

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

5. Exploration and Evaluation Assets

	Santas Gloria Silver Property(a)	Golden Hill Property(b)	East Trend and Media Sur Property(c)	San Jose Silver Property	Total
Balance, February 28, 2022	2,345,039	1,632,083	-	1,609,537	5,586,659
Acquisition costs					
Cash	-	628,323	-	-	628,323
Shares and warrants	-	97,391	-	-	97,391
Total acquisition costs	-	725,714	-	-	725,714
Exploration costs					
Administration	181,227	32,260	-	139,858	353,345
Assays	-	171,370	-	-	171,370
Drilling	-	529,487	-	-	529,487
Field costs	26,207	23,415	-	401	50,023
Geological	10,665	486,302	-	7,294	504,261
Other	37,155	246,253	-	23,778	307,186
Project management	116,481	234,761	-	49,241	400,483
Total exploration costs	371,735	1,723,848	-	220,572	2,316,155
Impairment	-	-	-	(1,830,109)	(1,830,109)
Purchase price adjustments	-	1,774,853	-	-	1,774,853
Balance, February 28, 2023	2,716,774	5,856,498	-	-	8,573,272
Acquisition costs					
Cash	26,754	-	-	-	26,754
Shares	-	-	130,000	-	130,000
Total acquisition costs	26,754	-	130,000	-	156,754
Exploration costs					
Administration	108,729	-	-	-	108,729
Field costs	8,481	-	-	-	8,481
Geological	7,140	96,962	-	-	104,102
Other	-	7,909	-	-	7,909
Permitting	13,393	-	-	-	13,393
Total exploration costs	137,743	104,871	-	-	242,614
Impairment	-	-	(130,000)	-	(130,000)
Disposal of subsidiary	-	(5,961,369)	-	-	(5,961,369)
Balance, August 31, 2023	2,881,271	-	-	-	2,881,271

(a) Santas Gloria Silver Property

The Santas Gloria silver property ("Santas Gloria") is 100% owned by Mantaro. It is comprised of seven mineral concessions totaling 3,402 hectares and is located 55 kilometers east of Lima, Peru.

MANTARO PRECIOUS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian Dollars)

Mantaro entered into an acquisition agreement for the three core mineral concessions dated October 6, 2020, as amended in September 2022, (the "Santas Gloria Agreement"). Under the terms of the Santas Gloria Agreement (as amended), Mantaro is required to pay the former property owners (i) US\$340,000 (paid), (ii) US\$200,000 in monthly installments (paid), and (iii) incur a total of US\$1,500,000 in exploration expenditures (US\$500,000 by October 2021 (incurred) and US\$1,000,000 by June 2023) on the Santas Gloria silver property. During the six months ended August 31, 2023, the Company paid US\$20,000 (\$26,754) to extend the exploration expenditures date from June 2023 to December 31, 2023.

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

On July 15, 2021, Mantaro entered into a purchase agreement with a third-party property vendor to acquire four mineral concessions totaling 2,302 hectares. These four mineral concessions are located adjacent to and/or in the near vicinity of the three core concessions. On September 7, 2021, the Company issued 500,000 shares at the fair value of \$132,500 and paid US\$50,000 (\$63,724) to the property vendor to acquire these four mineral concessions. The title to these new concessions is in the process of being legally transferred.

(b) Golden Hill Property

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

On August 28, 2023, the agreement was terminated.

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

On August 25, 2022, the Company earned an initial 51% interest (the "First Option") in MGH by paying an aggregate of US\$500,000, issuing an aggregate of 2,000,000 units to the Optionor and incurring US\$250,000 in exploration expenditures on or before the first anniversary of the effective date.

On August 25, 2022, the Company exercised its option to acquire a 51% interest in MGH. The acquisition was considered to be an asset acquisition under IFRS as MGH did not meet the definition of a business pursuant to IFRS 3. On acquisition, the Company recognized a non-controlling interest of \$1,232,644, a reclamation provision of \$385,000 and assumed other liabilities of \$157,209 net of other assets acquired; these amounts total \$1,774,853 and are reflected as purchase price adjustments in the cost of the Golden Hill Property, as these amounts relate to the acquisition of the property. The provision for reclamation had the greatest uncertainty in estimation.

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

- i. Paying US\$500,000 to the Optionor on or before the second anniversary of the effective date (August 23, 2023);
- ii. Issuing 1,500,000 Units to the Optionor on or before the second anniversary of the effective date (August 23, 2023); and
- iii. Incurring US\$250,000 in exploration expenditures on or before the second anniversary of the effective date (August 23, 2023).

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

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

MANTARO PRECIOUS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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

In the event that the Company exercises the First Option or Second Option but fails to exercise the Third Option, the Company's 51% or 70% interest will be returned and replaced with a 2% net smelter return royalty, which may be repurchased at a price of US\$1,000,000. If the Company exercises the Third Option and acquires an 80% interest in MGH, the Company will grant a 2% net smelter return royalty to the Optionor, which may be repurchased at a price of US\$1,000,000.

On August 28, 2023, the Company received a notice of termination from the Optionor terminating the Golden Hill Option Agreement as the Company did not pay the US\$500,000 required to earn the additional 19% by August 23, 2023. Accordingly, the Company disposed of the 51% interest in MGH and received a 2% net smelter return royalty on the Golden Hill Property, which may be repurchased as a price of US\$1,000,000.

The following table outlines the net assets disposed of and the loss on disposal of subsidiary:

Net assets disposed	\$
Assets disposed	
Cash	113
Prepaid expenses	21,525
Receivables	44,495
Equipment	94,293
Exploration and evaluation assets	5,961,369
Liabilities disposed	
Accounts payable and other liabilities	(233,913)
Reclamation provision	(403,000)
Net assets disposed	5,484,882
Reclassification of translation of foreign operations	10,912
Non-controlling interest	(1,194,018)
Loss on disposal of subsidiary	4,301,776

The loss from discontinued operations during the three and six months ended August 31, 2023 and 2022 is as follows:

	Three months ended August 31,		Six months ended August 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounting	860	-	2,657	-
Accretion (Note 8)	5,000	-	10,000	-
Management and consulting	4,783	-	14,486	-
Office and miscellaneous	6,226	-	22,333	-
Loss from discontinued operations	16,869	-	49,476	-

(c) East Trend and Media Sur Property

On May 2, 2023, the Company entered into a Share Purchase Agreement to acquire the East Trend and Media Sur licenses in Bolivia by acquiring Minera Meranti Ltd, a Bolivian company that holds title to the East Trend and Media Sur licenses from a third party (the "Vendor"). Under the terms of the Share Purchase Agreement, the Vendor will be entitled to a payment of US\$3 for every one ounce of gold and/or gold equivalent of measure resource, indicated or inferred resource, or any combination therefore, on the mineral properties above 500,000 ounces of gold and/or gold equivalent. The total amount of cash that the Vendor may receive is US\$1,500,000 (the "Maximum Amount"). The Maximum Amount applies to both the properties and the Vendor is not entitled to the Maximum Amount for each property. On June 12, 2023, the Company issued 2,000,000 common shares at the fair value of \$130,000 to acquire all of the issued and outstanding shares of Minera Meranti Ltda.

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As at August 31, 2023, the Company determined not to proceed with this Bolivian property and accordingly, recorded impairment expense of \$130,000.

6. Accounts Payable and Other Liabilities

	August 31, 2023 \$	February 28, 2023 \$
Trade payables and accrued liabilities	488,254	275,780
Loans payable	-	72,903
Taxes payable	-	89,001
	488,254	437,684

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

7. Demand Loans

On June 20, 2023, the Company received a \$65,000 non-interest bearing due on demand loan from a corporation controlled by a director of the Company.

During the six months ended June 30, 2023, the Company received additional non-interest bearing due on demand loans from shareholders totaling \$27,273.

As at August 31, 2023, the balance of demand loans was \$92,273.

Subsequent to August 31, 2023, the Company received an additional \$25,000 of non-interest bearing due on demand loans from a corporation controlled by a director of the Company and \$27,063 from shareholders.

8. Provision for Reclamation

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

	August 31, 2023 \$	February 28, 2023 \$
Balance, beginning of the period	393,000	-
Provision on acquisition of MGH (Note 5)	-	385,000
Accretion expense	10,000	8,000
Disposal of MGH (Note 5)	(403,000)	-
Balance, end of the period	-	393,000

MANTARO PRECIOUS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

9. Share Capital

a. Common shares authorized

Unlimited number of common shares.

b. Common share issuances

During the six months ended August 31, 2023, the Company entered into the following common share transactions:

- On March 16, 2023, the Company completed a non-brokered private placement of 7,307,400 units at \$0.05 per unit for gross proceeds of \$365,370. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$0.10 per share up to March 16, 2024. The Company used the residual method to value the warrants, with the fair value of \$28,893 allocated to warrants and the \$336,477 residual value allocated to common shares. The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.03; exercise price - \$0.10; risk-free interest rate of 3.00%; expected life - 1 year; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 110%.
- In connection with the private placement, the Company issued 343,000 finders' warrants exercisable at \$0.05 per share up to March 16, 2025. The finders' warrants were fair valued at \$4,765 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.03; exercise price - \$0.05; risk-free interest rate of 2.95%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 110%. In addition, the Company incurred other cash issuance costs including finders' fees, legal fees and filing fees of \$22,278.
- On June 12, 2023, 2,000,000 common shares at the fair value of \$130,000 pursuant to the acquisition of the East Trend and Media Sur property.

During the six months ended August 31, 2022, the Company entered into the following common share transactions:

- On August 23, 2022, 1,000,000 common shares at the fair value of \$75,000 and 500,000 warrants were issued pursuant to the First Option under the Golden Hill Option Agreement. The share purchase warrants were fair valued at \$22,391 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.075; exercise price - \$0.08; risk-free interest rate of 2.75%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.

c. Options

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

Changes in share purchase options during the six months ended August 31, 2023 and the year ended February 28, 2023 are as follows:

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	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2022	5,515,000	\$0.35	4.28
Granted	4,200,000	\$0.07	
Cancelled	(1,950,000)	\$0.35	
Forfeited	(1,000,000)	\$0.31	
Outstanding, February 28, 2023	6,765,000	\$0.35	4.28
Forfeited	(750,000)	\$0.05	
Outstanding and exercisable, August 31, 2023	6,015,000	\$0.19	3.69

During the six months ended August 31, 2023, the Company recorded share-based payment expense of \$nil (2022 - \$47,167). There were no options granted during the six months ended August 31, 2023. The weighted average fair value of share purchase options granted during the six months ended August 31, 2022 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.17; exercise price - \$0.24; risk-free interest rate - 2.39%; expected life - five years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.

At August 31, 2023, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
2,165,000	\$0.35	June 1, 2026
250,000	\$0.49	June 16, 2026
400,000	\$0.25	September 15, 2026
100,000	\$0.35	May 3, 2027
3,100,000	\$0.05	February 27, 2028
6,015,000		

d. Warrants

Changes in share purchase warrants during the six months ended August 31, 2023 and the year ended February 28, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2022	13,074,401	\$0.53	0.32
Issued	500,000	\$0.08	
Expired	(12,324,401)	\$0.55	
Outstanding, February 28, 2023	1,250,000	\$0.18	1.26
Issued	7,650,400	\$0.10	
Outstanding, August 31, 2023	8,900,400	\$0.11	0.61

At August 31, 2023, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
125,000	\$0.25	May 21, 2024
125,000	\$0.25	November 30, 2024
250,000	\$0.19	January 18, 2024
250,000	\$0.17	February 18, 2024
7,307,400	\$0.10	March 16, 2024
500,000	\$0.08	August 23, 2024
343,000	\$0.05	March 16, 2025
8,900,400		

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e. Basic and diluted loss per share

During the six months ended August 31, 2023, potentially dilutive common shares totaling 14,915,400 (2022 – 6,665,000) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

f. Escrow shares

The Company entered into escrow agreements and 6,889,415 common shares of the Company were placed in escrow. Under the escrow agreements, the common shares held in escrow will be released from escrow as to 688,941 on May 21, 2021 (released) and 1,033,412 common shares on each of November 21, 2021 (released), May 21, 2022 (released), November 21, 2022 (released), May 21, 2023 (released), November 21, 2023 and May 21, 2024.

In addition, the Company entered into pooling and voluntary lock-up agreements and 5,225,000 common shares of the Company were placed in escrow. Under the terms of the agreements, the common shares held in escrow will be released from escrow as to 1,045,000 on May 21, 2021 (released), August 21, 2021 (released), November 21, 2021 (released), February 21, 2022 (released), and May 21, 2022 (released).

As at August 31, 2023, 2,066,824 common shares remained in escrow (February 28, 2023 – 3,100,236).

10. Key Management Compensation, Related Party Transactions and Balances

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

During the three and six months ended August 31, 2023 and 2022, the Company incurred the following expenditures charged by directors and officers of the Company, or former directors and officers of the Company, and/or companies they owned or were significant shareholders of:

	Three months ended		Six months ended	
	2023	August 31,	2023	August 31,
	\$	2022	\$	2022
		\$		\$
Accounting fees	30,000	32,000	54,000	53,004
Directors fees	10,010	30,870	20,189	62,181
Legal fees and share issuance costs	41,357	31,891	67,997	54,532
Management and consulting	23,192	70,132	67,156	145,032
Mineral property expenditures	-	79,668	-	147,671
Shareholder communications	5,000	-	11,000	-
Share-based payments - options	-	-	-	47,167
	109,559	244,561	220,342	509,587

At August 31, 2023, accounts payable and accrued liabilities include due to related parties of \$212,710 (February 28, 2023 - \$44,577) owed to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

During the six months ended August 31, 2023, the Company received demand loans from related parties (Note 7). Subsequent to August 31, 2023, the Company received additional demand loans from related parties (Note 13).

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11. Financial Instruments***Risk Management***

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

Credit Risk

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

Commodity Price Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As of August 31, 2023, the Company did not have sufficient cash to settle all transactions by their due dates. Refer to the going concern note for additional disclosure (Note 2). As at August 31, 2023 and February 28, 2023, the Company had working capital as follows:

	August 31, 2023	February 28, 2023
	\$	\$
Current assets	40,959	446,851
Current liabilities	(580,527)	(437,684)
Working capital (deficiency)	(539,568)	9,167

Market Risk

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

a) *Currency Risk*

As at August 31, 2023 and February 28, 2023, most of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has operations in foreign jurisdictions outside of Canada and as such has currency risk associated with its operations. The Company mitigates this risk by holding a small amount of cash in foreign currencies.

b) *Interest Rate Risk*

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

c) *Price Risk*

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

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12. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the six months ended August 31, 2023, the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$91,550 included in accounts payable and accrued liabilities at August 31, 2023, less expenditures included in accounts payable at February 28, 2023 of \$21,575 (net exclusion of \$69,975);
- b) the issuance by the Company of 343,000 finders' warrants at the fair value of \$4,765 in connection with the March 16, 2023 private placement; and,
- c) the issuance by the Company of 2,000,000 common shares at the fair value of \$130,000 pursuant to a mineral property agreement.

During the six months ended August 31, 2022 the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$210,493 included in accounts payable and accrued liabilities at August 31, 2022, less expenditures included in accounts payable at February 28, 2022 of \$208,265 (net exclusion of \$2,228); and,
- b) the issuance by the Company of 1,000,000 common shares at the fair value of \$75,000 and 500,000 share purchase warrants at the fair value of \$22,391 pursuant to a mineral property agreement.

13. Subsequent Events

Subsequent to August 31, 2023:

- The Company received a \$25,000 non-interest bearing due on demand loan from a corporation controlled by a director of the Company and \$27,063 from shareholders.