



SOLIS MINERALS LTD.

ARBN 653 083 026

ANNUAL REPORT

For the Year Ended 31 May 2023

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1. CORPORATE DIRECTORY

Board of Directors

Christopher Gale	(Non-Executive Chairman)
Matthew Boyes	(Executive Director)
Kevin Wilson	(Non-Executive Director)
Michael Parker	(Non-Executive Director)
Chafika Eddine	(Non-Executive Director)

Chief Financial Officer

Rachel Chae

Secretary

Sarah Smith (Australia)
Frances Murphy (Canada)

Head Office

550 Burrard Street
Suite 2501, Vancouver BC
Canada V6C 2B5

Registered Office (Australia)

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Subiaco WA 6008

Registered Office (Canada)

550 Burrard Street
Suite 2501, Vancouver BC
Canada V6C 2B5

Securities Exchange Listing

TSX Venture Exchange (TSXV: SLMN)
Australian Securities Exchange (ASX Code: SLM)
OTC Markets' Venture Market (OTCQB: SLMFF)
Frankfurt Stock Exchange (FRA: 08W)

Auditors

Davidson & Company LLP
CF Pacific Centre
1200 – 609 Granville Street
Vancouver B.C. Canada V7Y 1G6

Australian Share Registry

Computershare Investor Services Pty Ltd

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Perth WA 6000
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Place of Incorporation

British Columbia

2. CHAIRMAN'S LETTER

To my fellow shareholder,

It is a pleasure to present the 2023 Solis Mineral Ltd Annual Report after a transformation year for the Company. With new projects on board and the relinquishment of old projects that didn't meet our internal performance hurdles, your Company is in a strong position to drive near term success.

The Company decided to turn our attention to the lithium sector and developed a strategy to secure lithium projects in Brazil. Brazil is an outstanding mining country with potential to prove up and grow its lithium profile very quickly compared to other mining jurisdictions.

The exciting Borborema Lithium Project is increasingly showing promising indication of exploration success and the Solis team believes that success as Borborema could unlock a new wave of lithium prospecting in the North-east of Brazil.

The Board welcomed the appointment of experienced mining executive Matthew Boyes as Executive Director on 1 March 2023. Matthew most recently led the acquisition and aggressive development of the Mt Ida Lithium Project for Red Dirt Metals Ltd which saw a \$15 million market capitalisation junior gold explorer transition into a +\$200 million lithium developer during a 2-year period.

In further movements in the Solis team, we recognised the contribution of outgoing Director Jason Cubitt after his resignation on 18 July 2023. Mr. Cubitt has been a valued Board member and continues to offer support to the Company in a consulting role moving forward and we thank him for these ongoing efforts.

The portfolio of assets that Solis has assembled has improved markedly during the year. With high quality hard rock lithium assets in Brazil, we are exposed to one of the most exciting emerging high grade lithium regions in the world. The importance of lithium to the global energy transition thematic is well established and widely understood. What is less understood by the broader market is stability of the investment regime in Brazil and the advantages of pursuing opportunities in South America.

The exposure to copper through the assets in Peru provides optionality to one of the most important energy transition commodities. The portfolio of assets in Peru continues to grow and, with an excellent team in place, the Company continues to add value to its copper portfolio.

Yours sincerely



Christopher Gale
Non-Executive Chairman

29 September 2023

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3. DIRECTORS' REPORT

The Directors of Solis Minerals Ltd. ("the Company") present their report, together with the financial statements on the consolidated entity consisting of Solis Minerals Ltd. And its controlled entities ("the Group") for the year ended 31 May 2023.

The Company presents its financial statements (the "Financial Statements") in Canadian dollars. All dollar figures in this Annual Report are in Canadian dollars, unless otherwise indicated. All of the financial data contained in this Annual Report relating to the Company have been prepared using IFRS.

3.1. Corporate Structure

The Company was incorporated on December 1, 2005 under the name "Max Resources Ltd." Under the Business Corporations Act (British Columbia) ("BCBCA") and changed its name to "Westminster Resources Ltd." On 27 January 2006, and "Solis Minerals Ltd." on 20 July 2021.

The Common Shares are listed for trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "SLMN", on the Australian Securities Exchange (the "ASX") under the trading symbol "SLM", on the OTC Markets' Venture Market (the "OTCQB") under the symbol "SLMFF" and on the Frankfurt Stock Exchange under the trading symbol "08W". The Company is a reporting issuer in the provinces of British Columbia and Alberta. The principal regulator of the Company is the British Columbia Securities Commission.

3.2. Directors & Key Management Personnel

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. The Directors held office for this entire year unless otherwise stated.

Christopher Gale – Non-Executive Chairman (*Appointed 17 July 2018*)

Qualifications: Business Accounting and Finance Certificate (Graduate School of Management, University of Western Sydney), MACID.

Christopher (Chris) Gale has extensive experience in senior management roles in both the public and private sectors, especially in commercial and financial roles. He has also held various board and executive roles at several mining and technology companies during his career.

Mr Gale is the Managing Director of Latin Resources Limited. (ASX:LRS) and Non-Executive Chairman of Oar Resources Limited (ASX: OAR). Chris is the former Chairman of the Council on Australian Latin American Relations (COALAR) from 2012 to 2018, which was established by the Australian Government Department of Foreign Affairs and Trade (DFAT) in 2001.

He is a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).

Matthew Boyes – Executive Director (*Appointed 1 March 2023*)

Qualifications: Fellow, Australian Institute of Mining and Metallurgy (AUSIMM)

Mr. Boyes is a qualified geologist with over 25 years of international experience in mine geology, project evaluations, mine development, corporate management and capital markets. As former Managing Director of Delta Lithium Limited (formerly Red Dirt Metals), Mr. Boyes led the growth of the company through the acquisition and aggressive development of the Mt Ida lithium project. During this period, Mr. Boyes oversaw the transition from junior gold explorer to a lithium developer and grew a \$15 million market capitalization to a value in excess of \$200 million in a two-year period in which he was at the helm. He was also the former Chief Operating Officer of Patagonia Gold Corp. Mr. Boyes has worked for over ten years in South America and has extensive experience with South American copper and lithium geology.

3. DIRECTORS' REPORT (continued)

Jason Cubitt – Non-Executive Director, Former President & CEO (Appointed 29 August 2017 – 18 July 2023)

Qualifications: Investment Funds Institute of Canada's Exempt Market Products Course (2009).

Mr. Cubitt has 25 years of experience working with resource companies in various capacities as founder, finance agent and institutional investor. Most recently, Mr. Cubitt was director of investments for Vertus Investment Advisory and Ascenta Asset Management, offshore investment advisory firms for which he was responsible for precious metals and special situations mining and energy funds.

Mr. Cubitt was originally appointed to the Board on 29 August 2017; and previously held the position of President and CEO from 20 December 2018 to 1 March 2023. Mr. Cubitt's other current directorships include Volatus Capital Corp. (CSE: VC) (non-executive Director and Audit Committee Chair from October 2019 to present) and Crest Resources Inc. (CSE: CRES) (non-executive Director and Audit Committee member from August 2021 to present).

Kevin Wilson – Non-Executive Director (Appointed 9 November 2021)

Qualifications: Bachelor of Science (Hons) (University of London), Degree of Master of Business Administration (The City University London).

Mr. Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. His previous experience includes 8 years as a geologist with the Anglo American Group in Africa and North America and 14 years as stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and the USA.

Mr. Wilson was appointed to the Board with effect from 10 November 2021. Mr. Wilson's other current directorships include Navarre Minerals Ltd (ASC: NML) (Chairman from April 2007 to present) and Los Cerros Ltd (ASX: LCI) (Non-executive director from November 2019 to present).

Mr. Wilson is considered independent.

Michael Parker – Non-Executive Director (Appointed 24 December 2021)

Qualifications: BSc. Mining Geology (Honours), University of Leicester (1986).

Mr. Parker is a geologist by training and has been a member of the AusIMM for 16 years. Mr. Parker is fluent in English, Spanish and French, and has extensive experience in exploration and project development, overseeing projects from discovery through construction to production. In 21 years with First Quantum Minerals (FQM), he held progressively senior Country Manager positions, and was instrumental in two major copper discoveries: the Lonshi and Frontier mines. He was Country Manager in the Democratic Republic of Congo (DRC) for FQM, overseeing up to 3,000 staff with two operating copper mines and a mine construction project.

Between 2011 to 2017, he was country manager for FQM in Peru, responsible for the design and implementation of FQM's corporate strategy in Latin.

America, including Argentina and Chile. He oversaw community relations programs and sustainability processes, ensuring that projects complemented community development in remote areas including preparations for resettlement programs. He was responsible for all government relations and communications throughout Latin America. He currently runs his own consultancy company, Mining Footprint Ltd.

Mr. Parker is considered to be independent.

3. DIRECTORS' REPORT (continued)**Chafika Eddine – Non-Executive Director (Appointed 24 December 2021)**

Qualifications: Doctor of Business Administration with ESG focus (in progress), Royal Roads University, Canada, 2020; Master's in Community Development and Sustainability, University of Victoria, Canada, 2017; Bachelor's in Law, LLB, Brazil, Sao Paulo Law Bar, 2001; Project Management Professional, PMP Certification, Canada, 2011; Advanced Business Finance Securities – 192 hours, University of Sao Paulo, Brazil, 2001.

Ms. Eddine has over 20 years of experience in corporate governance including as a non-executive board member of public mining companies. She has previously held positions as Vice President Corporate Development for Bear Creek Mining and Director Corporate Social Responsibility for Hudbay Minerals during early stages of exploration into a feasibility phase, and through the construction of three mines.

She has restructured and established exploration offices in 10 countries for several companies including Anglo American and AngloGold Ashanti, and has worked and lived in Europe, and in South, Central and North America, applying her expertise in compliance towards sustainability and risk mitigation.

Ms. Eddine is the Chief Sustainability Officer of Orla Mining and a director of the Panama Mining Association. She was a Director of the Board for the Peruvian-Canadian Chamber of Commerce from 2012 to 2018 and is one of the founders of the Global Change for Children Society. Ms Eddine has also previously served on the Company's Board from 2 October 2018 to 25 June 2019.

Ms. Eddine is considered independent.

Rachel Chae – Chief Financial Officer (Appointed 20 January 2020)

CPA; Certified General Account of Canada; Diploma in Financial Management (British Columbia Institute of Technology).

Rachel Chae has served as CFO for various publicly traded companies, including a number of junior exploration companies based in Vancouver, British Columbia. Ms. Chae is a Chartered Professional Accountant and Certified General Accountant currently employed by Cross Davis & Company LLP (from August 2015 to present), a Chartered Professional Accountant firm providing accounting services to publicly listed entities, primarily in the mining sectors. Ms. Chae works directly with the Chief Executive Officers and directors, assisting with their regulatory and accounting needs.

3.3. Interests In Shares and Options of the Company

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company as at the date of this report:

Director	Common Shares	Options	Performance Rights
Christopher Gale	567,614	450,000	1,200,000
Matthew Boyes	545,455		4,000,000
Kevin Wilson	109,091	-	600,000
Michael Parker	-	-	600,000
Chafika Eddine	72,727	-	600,000
Total	1,294,887	450,000	7,000,000

3. DIRECTORS' REPORT (continued)**3.4. Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 May 2023 and the number of meetings attended by each Director were:

Director	Full Board*		Audit and Risk Committee	
	Held	Attended	Held	Attended
Christopher Gale	5	5	N/A	N/A
Matthew Boyes ¹	1	1	N/A	N/A
Jason Cubitt ²	5	5	N/A	N/A
Kevin Wilson	5	5	3	3
Michael Parker	5	5	3	3
Chafika Eddine	5	5	3	3

*The Board also carries out the duties that would ordinarily be carried out by the Remuneration and Nomination Committee

¹Matthew Boyes was appointed as Executive Director on 1 March 2023

²Jason Cubitt resigned on 18 July 2023

3.5. Principal Activities and Significant Changes in the Nature of Events

The Company is mineral exploration company. During the financial year ended 31 May 2023, the Company was focused on exploring for principally copper and other metals in Peru, and lithium and other metals in Brazil.

The Company's administrative offices are based in Vancouver, British Columbia, Canada and West Leederville, Western Australia, Australia. Its main exploration projects are the Ilo Este, Ilo Norte and Cinto Projects in southern Peru. The Company also has the Borborema Project in northeastern Brazil and has recently negotiated an option to acquire 100% of the Jaguar Project in Bahia State, Brazil.

3.6. Review of Financial Results

The loss for the entity, after providing for income tax, amounted to \$1,461,433 (2022: \$3,118,728). Cash and cash equivalents at the end of the year were \$113,036 (2022: 3,570,301). Net assets for the Company decreased from \$6,125,843 at 31 May 2022 to \$4,664,410 at 31 May 2023.

3.7. Dividends

There were no dividends paid, recommended, or declared during the current or previous financial years.

3.8. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year that is not mentioned elsewhere within the Annual Report.

3.9. Matters Subsequent to Financial Year Ended 31 May 2023

Refer to Note 15 for listing of subsequent events taking place after 31 May 2023.

Apart from matters contained within Note 15 and Review of Operations – Subsequent Events, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

3.10. Likely Developments and Expected Results of Operations

The Group's objective is to continue to explore for copper, lithium and other battery metals in Peru, Brazil and elsewhere in South America.

3. DIRECTORS' REPORT (continued)

3.11. Social and Environmental Policies

In August 2021, in advance of its ASX listing, the Company considered various policies suitable to its operations and adopted a number of policies, including a Statement of Values, an Anti-Bribery and Anti-Corruption Policy, a Diversity Policy and a Risk Management Policy, which included consideration of environmental risk.

In addition, all phases of the Company's operations are subject to social and environmental regulation in the jurisdictions in which it operates. Social and environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in social and environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that social, regulatory and environmental approvals will be obtained on a timely basis, or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Social and environmental hazards may exist on the properties which are unknown to the Company at present which may have been caused by previous or existing owners or operators of the properties.

3.12. Legal Proceedings and Regulatory Actions

The Company is not party to any legal proceedings or regulatory actions and no such proceedings are known to the Company to be contemplated.

4. REVIEW OF OPERATIONS

For the year ended 31 May 2023, the Company's focus has been continuing the development of its copper projects in Peru, and as announced on 15 February 2023 and 31 May 2023, the acquisition and expansion of lithium projects in Brazil.

The acquisition of greenfield lithium projects in Brazil takes advantage of the existing knowledge and geographic location of the Solis team in South America and the Company continues to investigate potential industry partnerships and sources of additional funding.

Early in the reporting period, the Company elected to withdraw from the option agreement on the Mostazal copper project in Chile. While results from first phase diamond drilling showed widespread low-grade copper associated with manto style mineralisation, the results did not meet the Company's minimum expectations. As a result, the Company has withdrawn from the option agreement and been released from all further obligations by the vendor.

The Company subsequently refocussed on its copper portfolio in Peru's southwest copper belt, comprising the Ilo Norte and Ilo Este copper IOCG and porphyry projects, as well as the Cinto Project which was acquired during the year. The Cinto Project straddles the regional scale Incapuquio Fault system and is interpreted to have a similar geological setting to Southern Copper Corporation's impressive Toquepala Au/Ag/Cu/Mo Porphyry Mine, 15km to the northwest.

To identify new drill targets on Solis' Peruvian projects, Worldview-3 remote sensing data and alteration interpretation was completed by Fathom Geophysics LLC, a geophysics consulting company from Newark, Ohio, USA. Field checks of highlighted anomalies and detailed geological mapping was conducted during the period to prepare for future drill testing of targets.

At the end of the reporting period, Solis Minerals announced the acquisition of 22 exploration licences covering a total area of 248 km² (24,800 hectares) in northeastern Brazil. The region contains geological similarities to that of Latin Resources' Colina deposit, with large granitic intrusives located proximal to meta sedimentary volcanic sequences.

The Borborema Project areas are greenfield sites that have either had limited or no systematic exploration conducted in search for Lithium-Caesium-Tantalum (LCT) bearing pegmatites. Shortly after the completion of the acquisition, a reconnaissance team was deployed to commence field mapping and design of initial geochemical sampling programmes and target generation.

Summary of Projects

Ilo Norte (Peru)

The Ilo Norte Project in southern Peru is an Iron Oxide Copper Gold (IOCG) exploration target with significant potential. Work to date has concentrated on a relatively small portion of the prospective part of the lease holding.

Remote sensing and in-field mapping demonstrated that a silica and potassic alteration halo that exists at the known IOCG mineralisation extends across the property. Results of Worldview-3 satellite imagery analysis outlined a new target area in the east of the property as well as confirming previous anomalies from regional remote sensing data.

Field visits undertaken in April 2023 aided the delineation of target areas and a drone magnetometry survey was completed in May 2023 over previously unsurveyed areas. Geochemical sampling was conducted in target zones identified from the magnetic and remote sensing data.

Ilo Este (Peru)

Ilo Este, also in southern Peru, is a copper-gold porphyry deposit that has been eroded down to the mid-level of the system in the eastern part of the permit. WorldView-3 satellite imagery enabled an analysis of the alteration zones on a permit-wide scale with the identification of new prospective areas in the west of the permit. Combined with recently complete data compilation, this will enable focused exploration to initiate in 2023 on distinct porphyry copper targets. These areas have not been explored to date. Geochemical sampling and mapping are ongoing.

Cinto Copper (Peru)

The Cinto Copper Project is in the southern Peruvian Copper belt located near Toquepala mine and is situated on or adjacent to the regional-scale Incapuquio Fault system. Various prospective rocks are exposed north of the fault and are under cover further south. WorldView-3 satellite analysis was commissioned by Solis and exploration targets were identified. Field visits confirmed the nature of the alteration and exploration mapping, and geochemistry sampling is planned to start later in 2023.

Southern Peru Regional Exploration

Based on the compilation of historic data and the recent remote sensing analyses (satellite platforms), the Company has opted to expand its exploration in Southern Peru with the application for 10 more licenses in November 2022. These applications augment the area of Ilo Norte and expand into prospective ground to the north. South of Ilo Este, but not contiguous to the existing permits, three applications were made to target specific remote sensing anomalies in prospective geology. One application was subsequently rejected due to a nature conservation area being present. Further analysis led to the staking of seven new concessions, five north of Ilo Norte and two around an existing licence called Kelly. The entire regional exploration area around Ilo Norte was covered by Worldview-3 satellite imagery and the results were received showing alteration zones of exploration targets.

Subsequent to 31 May 2023, results were received of an inversion of historic magnetic data and four more licence applications were made over magnetic anomaly targets which augment the Company's Southern Peru Regional Exploration portfolio.

Borborema (Brazil)

The Company announced on 15 February 2023 that it had secured the acquisition of 22 licence areas in North-eastern Brazil. The tenements cover a total area of 24,800 hectares in predominantly greenfield terrain. The tenements have yet to be exposed to systematic modern exploration techniques targeting LCT-bearing pegmatite systems. Historically, the pegmatite Borborema province has been reported to host several mineralised pegmatite occurrences and artisanal works producing Be, Nb-Ta, Li, Sn, gems, quartz, feldspar and other minerals. Historical mining in the region, and the presence of the niobium-tantalum, lithium and feldspars, indicate the area is pregnant with LCT-bearing pegmatite systems.

The Company has completed the initial compilation of available historical geological data and will now follow up with a comprehensive field programme specifically aimed at generating near-term drill targets. Following completion of the transaction, systematic regional mapping and soil and rock chip geochemical sampling surveys were undertaken to generate drill targets.

Jaguar (Brazil)

On 31 May 2023 the Company announced it had entered into a binding option agreement to purchase the Jaguar lithium Project in Bahia State, Brazil.

Mostazal (Chile)

On 30 June 2022 Solis announced it had elected to withdraw from its option agreement on the Mostazal Project in Chile.

Events Subsequent to The Year Ended May 31, 2023

Subsequent to the end of the reporting period, the Jaguar pegmatite confirmed spodumene grades existed in oxidised pegmatite with grades up to 4.95% Li_2O reported from rock chip samples. An extensive pegmatite body was mapped with over 1km of strike, with widths in excess of 50m with coarse visible spodumene exposed across pegmatite body.

The Jaguar pegmatite is proximal to a large granitic source, and its geological setting is consistent with other hard rock lithium provinces in Brazil, which justified follow up drilling. The location of Jaguar on granted mining lease allowed commencement of drilling quickly, but progress was hampered due to poor rig efficiency and mobilisation of a second rig was required to improve drilling rates. These delays have necessitated a re-negotiation of the due diligence period for the Jaguar acquisition to allow for proper systematic evaluation of the Project's potential. The first three diamond holes from Jaguar are awaiting return of assays, with 12 holes completed as of 7 September 2023.

On 8 June 2023, the Company received firm commitments to raise A\$8.155 million at an issue price of A\$0.55 through a placement of the Company's shares to sophisticated and professional investors. Solis's largest shareholder, Latin Resources, committed to participate, increasing their holding to 17.79%. The funding secures the program to commence exploration drilling at both the Jaguar and Borborema Lithium Projects, advance regional exploration of the Borborema Lithium Project, and continue to explore the Peruvian IOCG and copper porphyry projects. The Company continues to assess suitable project acquisitions and remains open to opportunities that may arise.

The Company's Borborema Project has seen meaningful exploration progress since the end of the reporting period from the mobilisation of an additional exploration team to site. The team has undertaken reconnaissance work on targeted areas including ground checking and a comprehensive geochemical soil program to assist target development. Within the Estrella prospect, Solis has identified three large outcropping pegmatites with confirmed spodumene present. Float and rock chip samples have confirmed these pegmatite bodies are lithium bearing, with assay results up to 7.6% Li_2O reported¹.

On 7 September 2023, the Company announced the successful identification of three new lithium bearing pegmatite drill targets at Estrella, within the Borborema Project area (Figure 1). This discovery was the result of a mapping and rock chip sampling program as part of the systematic exploration program that the Company is undertaking. A drill rig has been mobilised to follow up the identified targets at Estrella.

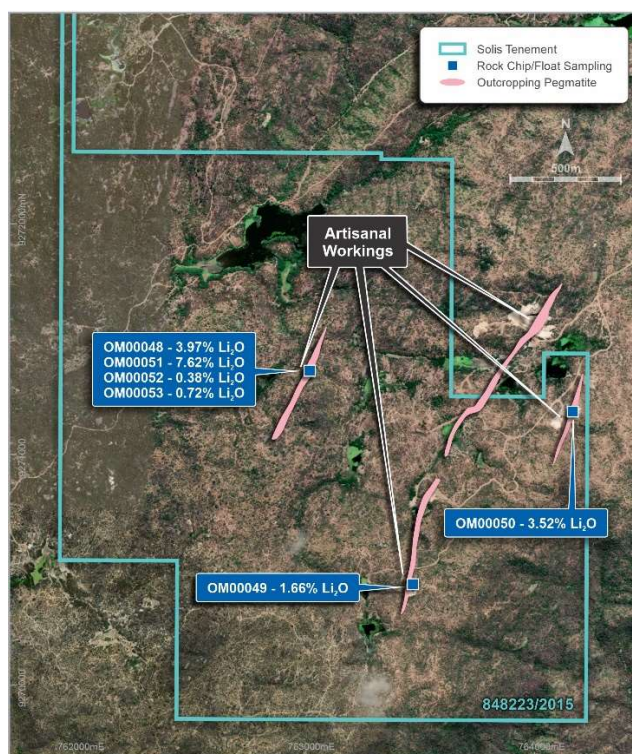


Figure 1: Rock chip and float sampling results with tenement outline and mapped outcropping pegmatites at the Estrella prospect, Borborema Lithium Project, Brazil

¹ Refer ASX Announcement – 7 September 2023

Competent Person Statement

The information in this ASX release in relation to Geological Information and Exploration Results is based on and fairly represent information compiled by Mr Matthew Boyes, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Boyes is an employee of Solis Minerals Ltd. and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the exploration activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Boyes consents to the inclusion in this report of the matters based on information in the form and context in which it appears. Mr Boyes has provided his prior written consent as to the form and context in which the Geological Information and Exploration Results and supporting information are presented in this Announcement.

All information relating to exploration results that have been previously released to the market is appropriately referenced in this document.

Disclaimer

In relying on the above mentioned ASX announcement and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the above-mentioned announcement.

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5. CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Solis Minerals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <https://solisminerals.com/about-us/corporate-governance/>.

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6. ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 8 September 2023.

6.1. Distribution of Registered Shareholders as at 8 September 2023

The number of shareholders, by size of holding, is:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	172	108,859	0.12%
above 1,000 up to and including 5,000	448	1,304,359	1.49%
above 5,000 up to and including 10,000	271	2,285,247	2.60%
above 10,000 up to and including 100,000	518	18,044,864	20.55%
above 100,000	110	66,081,554	75.24%
Totals	1,519	87,824,883	100%

6.2. Twenty Largest Registered Shareholders as at 8 September 2023

Position	Holder Name	Holding	% IC
1	LATIN RESOURCES LIMITED	13,392,703	15.25%
2	CDS & CO	9,781,810	11.14%
3	MR DARREN CARTER	4,325,000	4.92%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,296,697	2.62%
5	BLUE COASTERS PTY LTD	2,000,000	2.28%
6	UBS NOMINEES PTY LTD	2,000,000	2.28%
7	CASSA TRADING PTY LTD <CASSA TRADING A/C>	1,379,465	1.57%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,010,690	1.15%
9	MR NICHOLAS POZNIK	957,174	1.09%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	909,091	1.04%
11	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	900,000	1.02%
12	DIMENSIONAL HOLDINGS PTY LTD	890,000	1.01%
13	CITICORP NOMINEES PTY LIMITED	793,141	0.90%
14	MR PANAYIOTIS PLAKIDIS	700,251	0.80%
15	MR SCOTT DEAKIN <DEAKIN FAMILY A/C>	700,000	0.80%
16	KHE SANH PTY LTD <TRADING NO 1 A/C>	650,000	0.74%
17	MR NATHAN CARATTI	562,500	0.64%
18	MR MATTHEW GARFIELD BOYES	545,455	0.62%
19	CHRISTOPHER GALE	531,250	0.60%
20	PALM BEACH NOMINEES PTY LIMITED	529,550	0.60%
	Total	44,854,777	51.07%
	Total issued Common shares as at 8 September 2023	87,824,883	100.00%

6. ASX ADDITIONAL INFORMATION (continued)**6.3. Substantial Shareholders**

As at 8 September 2023, the following held a substantial shareholding within the meaning of the Australia Corporations Act 2001 (Cth):

Holder Name	Holding Balance	% of Issued Capital
LATIN RESOURCES LIMITED	13,392,703	15.26%
CDS & CO	9,781,810	11.14%

6.4. Unquoted Securities As At 8 September 2023

- 2,609,044 unquoted options held by 118 holders with an exercise price of A\$0.30 and an expiry date of 15 December 2023.
- 3,666,667 unquoted options (escrowed) held by 1 holder with an exercise price of A\$0.30 and an expiry date of 15 December 2023.
- 1,450,000 unquoted options held by 4 holders with an exercise price of CA\$0.175 and an expiry date of 27 October 2025.
- 275,000 unquoted options held by 3 holders with an exercise price of CA\$0.30 and an expiry date of 18 June 2026.
- 600,000 unquoted options held by 2 holders with an exercise price of A\$0.60 and an expiry date of 11 August 2026.
- 7,000,000 performance rights held by 5 holders subject to vesting conditions and expiring on 21 August 2026.

6.5. Significant Unquoted Option Holder (>20%) As At 8 September 2023

As at 8 September 2023, the following held a substantial option holding within the meaning of the Australia Corporations Act 2001 (Cth):

Holder Name	Holding Balance	% of Issued Capital
ZENIX NOMINEES PTY LTD	3,666,667	21.05%

As at 8 September 2022, there are no significant holders of unquoted warrants.

6.6. Restricted Securities

3,666,667 options exercisable at A\$0.28 and expiring 23 December 2024 are classified by ASX as restricted securities and to be held in escrow until 24 December 2023, being 24 months from the date of quotation.

6.7. Distribution of CDI Holders As At 8 September 2023

The number of shareholders, by size of holding, is:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	172	108,859	0.14%
above 1,000 up to and including 5,000	447	1,302,359	1.68%
above 5,000 up to and including 10,000	269	2,268,806	2.93%
above 10,000 up to and including 100,000	512	17,709,938	22.85%
above 100,000	108	56,112,744	72.40%
Totals	1,508	77,502,706	100.00%

6. ASX ADDITIONAL INFORMATION (continued)**6.8. Twenty Largest CDI Holders As At 8 September 2023**

Position	Holder Name	Holding	% IC
1	LATIN RESOURCES LIMITED	13,392,703	17.28%
2	MR DARREN CARTER	4,325,000	5.58%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,296,697	2.96%
4	BLUE COASTERS PTY LTD	2,000,000	2.58%
4	UBS NOMINEES PTY LTD	2,000,000	2.58%
6	CASSA TRADING PTY LTD <CASSA TRADING A/C>	1,379,465	1.78%
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,010,690	1.30%
8	MR NICHOLAS POZNIK	957,174	1.24%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	909,091	1.17%
10	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	900,000	1.16%
11	DIMENSIONAL HOLDINGS PTY LTD	890,000	1.15%
12	CITICORP NOMINEES PTY LIMITED	793,141	1.02%
13	MR PANAYIOTIS PLAKIDIS	700,251	0.90%
14	MR SCOTT DEAKIN <DEAKIN FAMILY A/C>	700,000	0.90%
15	KHE SANH PTY LTD <TRADING NO 1 A/C>	650,000	0.84%
16	MR NATHAN CARATTI	562,500	0.73%
17	MR MATTHEW GARFIELD BOYES	545,455	0.70%
18	CHRISTOPHER GALE	531,250	0.69%
19	PALM BEACH NOMINEES PTY LIMITED	529,550	0.68%
20	CELTIC CAPITAL PTY LTD	500,000	0.65%
20	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	500,000	0.65%
20	MRS LYDIA PARKER	500,000	0.65%
20	VIVIEN ENTERPRISES PTE LTD	500,000	0.65%
	Total	37,072,967	47.83%
	Total number of CDIs quoted on ASX as at 8 September 2023	77,502,706	100.00%

6.9. Unmarketable Parcels

There were 257 holders of less than a marketable parcel of issued CDIs, which as at 8 September 2023, was 218,279 CDIs.

6.10. On-Market Buy-Back

There is currently no on-market buyback program for any of Solis Minerals' listed securities.

6.11. Use Of Funds

In accordance with the Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

6. ASX ADDITIONAL INFORMATION (continued)

6.12. Voting Rights

CDI Holders cannot vote personally at Shareholder meetings. The CDI Holder must convert their CDIs into certificated Shares prior to the relevant meeting in order to vote in person at the meeting.

As CDI Holders are not the legal owners of underlying Shares, CDN, which holds legal title to the Shares underlying the CDIs, is entitled to vote at shareholder meetings of the Company on the instruction of the CDI Holders on a poll, not on a show of hands.

CDI Holders are entitled to give instructions for one vote for every underlying Share held by CDN.

Converting between Shares and CDIs

CDI Holders may at any time convert their holding of CDIs (tradeable on ASX) to Shares by:

- (a) in the case of CDIs held through the issuer sponsored sub-register, contacting the Share Registry directly to obtain the applicable request form; or
- (b) in the case of CDIs held on the CHESS sub-register, contacting their controlling participant (generally a stockbroker), who will liaise with the Share Registry to obtain and complete the request form.

Upon receipt of a request form, the relevant number of CDIs will be cancelled and Shares will be transferred from CDN into the name of the CDI Holder and issued in book-entry or certificated form in accordance with instructions in the request. This will cause the Shares to be registered in the holder's name on the register of Shareholders and trading will no longer be possible on ASX.

A holder of Shares may also convert their Shares to CDIs by contacting the Canadian Share Registry if the Shares held are registered directly in their name or their stockbroker (or applicable controlling participant) if the Shares are held on their behalf in the Canadian Central Security Depository. In each case, the Shares will be transferred from the Shareholder's name into the name of CDN and a holding statement will be issued to the person who converted their Shares to CDIs in respect of the CDIs that have been issued. The CDIs are tradeable on ASX.

7. SCHEDULE OF MINING CLAIMS

Mining tenements held as at 8 September 2023 and their location and interest.

Tenement Licences	Project Name	Registered Holder	Location	Interest held
Latin Ilo Norte 3	Ilo Norte	Westminster Peru SAC ¹	Peru	100%
Latin Ilo Norte 4	Ilo Norte	Westminster Peru SAC	Peru	100%
Latin Ilo Norte 6	Ilo Norte	Westminster Peru SAC	Peru	100%
Latin Ilo Norte 7	Ilo Norte	Westminster Peru SAC	Peru	100%
Latin Ilo Norte 8	Ilo Norte	Westminster Peru SAC	Peru	100%
Brigette 1	Ilo Norte	Westminster Peru SAC	Peru	100%
Essendon 26	Ilo Norte	Westminster Peru SAC	Peru	100%
Maddison 1	Ilo Norte	Westminster Peru SAC	Peru	100%
Latin Ilo Este I	Ilo Este	Westminster Peru SAC	Peru	100%
Latin Ilo Este II	Ilo Este	Westminster Peru SAC	Peru	100%
Latin Ilo Este III	Ilo Este	Westminster Peru SAC	Peru	100%
Latin Ilo Este IX	Ilo Este	Westminster Peru SAC	Peru	100%
Kelly 00	Chapollita	Westminster Peru SAC	Peru	100%
Caruca ³	Caruca	Westminster Peru SAC	Peru	100%
Pallagua ¹⁴	Pallagua	Westminster Peru SAC	Peru	100%
Uchsuma A ⁴	Uchsuma	Westminster Peru SAC	Peru	100%
Uchsuma B ⁴	Uchsuma	Westminster Peru SAC	Peru	100%
SOLIS02 ²	Cinto	Westminster Peru SAC	Peru	0%
SOLIS02A	Cinto	Westminster Peru SAC	Peru	100%
SOLIS03	Cinto	Westminster Peru SAC	Peru	0%
SOLIS04	Cinto	Westminster Peru SAC	Peru	100%
SOLIS05	Cinto	Westminster Peru SAC	Peru	0%
SOLIS06	Cinto	Westminster Peru SAC	Peru	100%
SOLIS07 ²	Cinto	Westminster Peru SAC	Peru	0%
SOLIS07A ²	Cinto	Westminster Peru SAC	Peru	0%
SOLIS NORTE 1 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 2 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 3 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 4 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 5 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 6 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 7 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 8 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 9 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 10 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 11 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS NORTE 12 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS SUR 1 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS SUR 2 ²	Ilo Regional	Westminster Peru SAC	Peru	0%

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Tenement Licences	Project Name	Registered Holder	Location	Interest held
SOLIS SUR 3 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS KELLY 01 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
SOLIS KELLY 02 ²	Ilo Regional	Westminster Peru SAC	Peru	0%
846.232/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
846.233/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
846.234/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.411/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.412/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.413/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.414/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.415/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.416/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.417/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.418/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.419/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.420/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.423/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.424/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.425/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.426/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.427/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.428/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.429/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.430/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.431/2022 ²	Borborema	Onça Mineração Ltda.	Brazil	0%
848.233/2015 ^{5,6}	Borborema	Onça Mineração Ltda.	Brazil	0%
871.427/2006 ⁵	Jaguar	Mineração Marico Ltda.	Brazil	0%
872.376/2021 ⁵	Jaguar	Igramar Industria de Granitos e Marmores Ltda.	Brazil	0%

¹Westminster Peru SAC is owned as to 100% by Solis Minerals.

² Mining Exploration Concession Applications.

³ Mining Concessions- allow exploration subject to access and other conditions.

⁴ Mining Pediments- essentially applications for Mining Concessions.

⁵ Tenement Concession under Option Agreement.

⁶ Onça Mineração Ltda (Onca) has an obligation to pay BRL 2,000,000 (approximately USD\$423,246 based on exchange rate of BRL 1 = USD 0.21) in the event that Onca or Solis Minerals disclose a mineral resource estimate of inferred grade or greater of 10 million tonnes at 1.3% Li₂O. The rights the subject of 848.233/2015 are currently the subject of a regulatory review process relating to conduct by the prior owner, which may (in the event Solis is unsuccessful), affect title.

8. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

SOLIS MINERALS LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended May 31, 2023 and 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Solis Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Solis Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2023 and 2022, and its financial performance and its cash flows for the year 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of \$1,461,433 during the year ended May 31, 2023 and, as of that date, the Company's current liabilities exceeded its total assets by \$348,543. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$4,234,011 as of May 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



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

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

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 to cease operations, or has no realistic alternative but to do so.

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

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

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

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

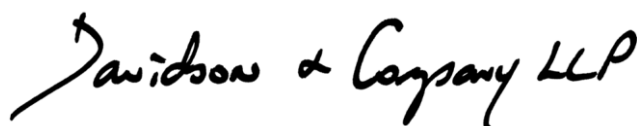
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.



Vancouver, Canada

Chartered Professional Accountants

August 29, 2023

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	May 31, 2023	May 31, 2022
Assets		
Current		
Cash	\$ 113,036	\$ 3,570,301
Receivables (Note 7)	41,695	35,954
Prepaid expenses	49,748	110,063
	204,479	3,716,318
Non-Current		
Equipment (Note 8)	7,353	8,887
Deferred acquisition costs and advances (Notes 5 and 15)	771,589	-
Exploration and evaluation assets (Note 4)	4,234,011	3,376,800
	\$ 5,217,432	\$ 7,102,005
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable (Note 7)	\$ 325,590	\$ 376,549
Accrued liabilities (Note 7)	102,000	149,697
Derivative liability (Note 6)	125,432	449,916
	553,022	976,162
Shareholders' Equity		
Share capital (Note 6)	29,025,555	29,025,555
Reserves (Note 6)	3,367,961	3,367,961
Deficit	(27,729,106)	(26,267,673)
	4,664,410	6,125,843
	\$ 5,217,432	\$ 7,102,005

Nature of Operations and Going Concern – Note 1

Commitments – Note 13

Subsequent Events – Note 15

Approved on behalf of the Board of Directors:

Signed "Kevin Wilson", Director

Signed "Chafika Eddine", Director

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2023	2022
Expenses		
Accounting, audit and legal	\$ 249,446	\$ 598,537
Amortization of equipment (Note 6)	1,534	1,941
Bank charges and interest (recovery)	(7,773)	2,876
Consulting fees (Note 5)	535,971	588,974
Foreign exchange loss (gain)	99,181	(84,193)
Gain on change in fair value of warrants (Note 6)	(324,484)	(913,259)
Gain on settlement of accounts payable and accrued liabilities (Note 6)	-	(19,003)
Insurance	78,195	47,349
Loss on write-off of receivables (Note 7)	-	108,910
Management fees (Note 7)	105,000	122,500
Office	227,993	160,925
Property investigation	100,511	7,320
Regulatory and filing fees	115,071	156,512
Rent	27,823	49,573
Share-based compensation (Note 6)	-	253,300
Shareholder communications	114,730	125,316
Travel and entertainment	64,117	18,978
Write-off of exploration and evaluation assets (Note 4)	74,118	1,892,172
Loss and comprehensive loss	\$ (1,461,433)	\$ (3,118,728)
Loss per common share, basic and diluted	\$ (0.02)	\$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	60,466,654	45,515,284

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				Total shareholders' equity
	Number	Amount	Reserves	Deficit	
Balance - May 31, 2021	32,741,654	\$ 26,161,373	\$ 2,611,568	\$ (23,148,945)	\$ 5,623,996
Private placements	27,500,000	5,045,230	-	-	5,045,230
Warrants exercised	225,000	45,000	-	-	45,000
Finder's warrants	-	(503,093)	503,093	-	-
Share issuance costs	-	(359,780)	-	-	(359,780)
Share-based compensation	-	-	253,300	-	253,300
Derivative liability - unit warrants	-	(1,363,175)	-	-	(1,363,175)
Loss and comprehensive loss for the year	-	-	-	(3,118,728)	(3,118,728)
Balance - May 31, 2022	60,466,654	29,025,555	3,367,961	(26,267,673)	6,125,843
Loss and comprehensive loss for the year	-	-	-	(1,461,433)	(1,461,433)
Balance - May 31, 2023	60,466,654	\$ 29,025,555	\$ 3,367,961	\$ (27,729,106)	\$ 4,664,410

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the Year Ended May 31,	
	2023	2022
Cash flows from operating activities		
Loss for the year	\$ (1,461,433)	\$ (3,118,728)
Items not affecting cash:		
Amortization of equipment	1,534	1,941
Gain on settlement of accounts payable and accrued liabilities	-	(19,003)
Gain on change in fair value of warrants	(324,484)	(913,259)
Share-based compensation	-	253,300
Loss on write-off of receivables	-	108,910
Write-off of exploration and evaluation assets	74,118	1,892,172
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(5,741)	30,313
Decrease (increase) in prepaid expenses and deposits	60,315	(82,078)
Increase (decrease) in accounts payable/accrued liabilities	121,701	(147,935)
Net cash used in operating activities	(1,533,990)	(1,994,367)
Cash flows from investing activities		
Deposits	-	28,843
Exploration and evaluation assets	(1,151,686)	(1,692,416)
Deferred acquisition costs and advances	(771,589)	-
Net cash used in investing activities	(1,923,275)	(1,663,573)
Cash flows from financing activities		
Issuance of capital stock	-	5,045,230
Share issuance costs	-	(359,780)
Shares issued – warrants exercised	-	45,000
Short-term borrowing	-	966
Repayment of short-term borrowing	-	(51,982)
Net cash provided by financing activities	-	4,679,434
Net change in cash for the year	(3,457,265)	1,021,494
Cash – beginning of the year	3,570,301	2,548,807
Cash – end of the year	\$ 113,036	\$ 3,570,301
Supplemental cash flow information		
Cash paid for interest and income taxes	\$ -	\$ -
Exploration and evaluation assets accrued through accounts payable and accrued liabilities	\$ 41,379	\$ 261,736
Fair value of warrants issued for private placement	\$ -	\$ 503,093
Recognition of derivative liability	\$ -	\$ 1,363,175

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Solis Minerals Ltd. (an Exploration Stage Company) was incorporated under the Business Corporations Act of British Columbia, Canada on December 1, 2005 and maintains its corporate registered office at Unit 3, 32 Harrogate Street, West Leederville WA 6017, Australia. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: SLMN) in Canada and began trading on the Australian Securities Exchange (ASX: SLM) effective December 24, 2021. Solis Minerals Ltd. and its subsidiaries (collectively referred to as the "Company" or "Solis") are principally engaged in the acquisition and exploration of mineral properties as described herein.

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. However, there are factors that management has identified that may cast significant doubt on the entities ability to continue as a going concern.

For the year ended May 31, 2023, the Company reported a loss of \$1,461,433 (2022 – \$3,118,728) and an accumulated deficit of \$27,729,106 (2022 – \$26,267,673). As at May 31, 2023, the Company had working capital deficit of \$348,543 (2022 – working capital of \$2,740,156). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition and exploration of its E&E assets, is dependent on the Company's ability to obtain the necessary financing. Management will seek to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, the Company may be unable to continue as a going concern.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its E&E assets. The recoverability of amounts shown for E&E assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of E&E assets. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's business, financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022 as well as inflationary pressures in the developed economies, economic uncertainty in China and the potential re-emergence of the COVID-19 pandemic in 2023. While the Company expects any direct impacts of the pandemic, the war in the Ukraine and the broader economic cycle to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. 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. Subsequent to May 31, 2023, the Company raised gross proceeds of A\$8.155 million via a two tranche private placement of common shares, which was completed on August 21, 2023 (Note 15).

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern (continued)

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that may be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business.

2. Basis of Presentation and Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Company's Board of Directors on August 24, 2023.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain comparative balances have been reclassified to conform with current year presentation.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Solis Minerals Ltd (the parent entity), Westminster Chile SpA and Westminster Peru SAC.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

These consolidated financial statements include the accounts of the Company and its wholly owned integrated subsidiaries, Westminster Peru SAC and Westminster Chile SpA (incorporated during fiscal 2021). All significant inter-company balances and transactions have been eliminated upon consolidation.

During the year ended May 31, 2022, the Company sold Minera Westminster, S.A. de C.V. ("Minera Westminster") and Servicios Westminster, S.A. de C.V. ("Servicios Westminster") for \$Nil proceeds. The entities were dormant and accordingly no gain or loss was recognized on disposal.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or had rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. Significant Accounting Policies, New Standards and Interpretations

a) Sources of Estimation Uncertainty

Significant assumptions about the future and the other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, relate to, but are not limited to, the following:

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For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

a) Sources of Estimation Uncertainty (continued)

(i) Realization of mineral property interests

The Company assesses its E&E assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of assets may not be recoverable, at each reporting period. The assessment of any impairment of E&E asset is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows and useful lives of assets and their related salvage values.

(ii) Site restoration obligations

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Restoration liabilities include an estimate of the future cost associated with the reclamation of the property, discounted to its present value, and capitalized as part of the cost of exploration assets. The estimated costs are based on the present value of the expenditure expected to be incurred. Changes in the discount rate, estimated timing of reclamation costs, or cost estimates are dealt with prospectively by recording a change in estimate, and corresponding adjustment to the exploration assets. The accretion on the reclamation provision is included in the reclamation liability.

As at May 31, 2023, the Company is not aware of any existing environmental obligations related to any of its current or former exploration properties that may result in a liability to the Company.

(iii) Valuation of share-based payments and derivative liabilities

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative liabilities. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions could materially affect the fair value estimate and the Company's earnings and equity reserves, as well as valuation of derivative liability, and therefore the existing models do not necessarily provide an accurate single measure of the actual fair value of the Company's stock options and warrants.

(iv) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing losses.

b) Critical Accounting Judgments

Significant judgments about the future and other sources of judgment uncertainty that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from judgments made, relate to, but are not limited to, the following:

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

b) Critical Accounting Judgments (continued)

(i) Impairment assessment

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, and the useful lives of assets and their related salvage values.

(ii) Assessment of going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(iii) Assessment of functional currency

The Company uses judgment in determining its functional currency. International Accounting Standards ("IAS") 21 The Effects of Changes in Foreign Exchange Rates defines the functional currency as the currency of the primary economic environment in which an entity operates. IAS 21 requires the determination of functional currency to be performed on an entity-by-entity basis, based on various primary and secondary factors. In identifying the functional currency of the parent and of its subsidiaries, management considered the currency that mainly influences the cost of undertaking the business activities in each jurisdiction in which the Company operates and has determined that Canadian Dollars best reflects the Company's economic environment for the parent and its subsidiaries.

c) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

c) Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Derivative liability	FVTPL

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

c) Financial Instruments (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The Company's measurement of fair value of financial instruments as at May 31, 2023 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	\$ 125,432	\$ -	\$ -	\$ 125,432

The Company's measurement of fair value of financial instruments as at May 31, 2022 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	\$ 449,916	\$ -	\$ -	\$ 449,916

d) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

d) Exploration and Evaluation Assets (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to profit or loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

e) Equipment

Equipment is recorded at cost, less accumulated amortization and accumulated impairment losses. These assets are amortized using the following annual rates:

Office furniture and equipment	30% declining-balance
Computer equipment	45% declining-balance
Field equipment	15% declining-balance

f) Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in profit or loss.

g) Reclamation Obligations

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

h) 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 warrants and 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.

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

i) Valuation of Equity Units Issued in Private Placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. The fair value of the common shares is determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants and recorded in reserves.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Loss per Share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

l) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired, or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction.

Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

n) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

o) Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognize a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term unless another systematic basis is more representative of the usage of the economic benefits from the leased asset.

The lease liability is initially measured at a present value of the future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect any lease payments made.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

3. Significant Accounting Policies, New Standards and Interpretations (continued)

o) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement and any direct costs. They are subsequently measured at cost less amortization and any impairment losses. Right-of-use assets are amortized over the shorter period of the lease term and useful life of the underlying asset.

4. Exploration and Evaluation Assets

The Company's interests in exploration and evaluation assets are located in Peru and Chile (and subsequent to the balance date and subject to completion, Brazil). The following table outlines the expenditures for the year ended May 31, 2023 and 2022:

	Balance as at May 31, 2021	Additions	Balance as at May 31, 2022	Additions	Balance as at May 31, 2023
Ilo Norte/Ilo Este/Cinto and Regional Project, Peru:					
Acquisition costs	\$ 3,206,111	\$ 163,334	\$ 3,369,445	\$ 723,301	\$ 4,092,746
Exploration expenditures					
Consulting and engineering	81,630	3,491	85,121	96,185	181,306
Fieldwork and miscellaneous	-	6,335	6,335	37,725	44,060
Write-down	(84,101)	-	(84,101)	-	(84,101)
	3,203,640	173,160	3,376,800	857,211	4,234,011
Mostazal, Chile:					
Acquisition costs	43,433	260,283	303,716	-	303,716
Exploration expenditures					
Assay and core logging	-	94,962	94,962	-	94,962
Consulting and engineering	112,930	337,951	450,881	74,118	524,999
Drilling	-	422,190	422,190	-	422,190
Fieldwork and miscellaneous	-	620,423	620,423	-	620,423
Write-down	-	(1,892,172)	(1,892,172)	(74,118)	(1,966,290)
	156,363	(156,363)	-	-	-
	\$ 3,360,003	\$ 16,797	\$ 3,376,800	\$ 857,211	\$ 4,234,011

a) Ilo Norte and Ilo Este, Peru

The Company owns a 100% interest in a portfolio of concessions in southern Peru. During the year ended May 31, 2021, the Company settled \$135,263 (US\$100,000) accrued acquisition costs through the issuance of common shares.

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

b) Mostazal, Chile

During the year ended May 31, 2021, the Company entered into an option agreement to earn up to a 100% interest in the Mostazal Copper property in Chile via the acquisition of shares in several Chilean entities.

During the year ended May 31, 2023, the Company terminated the option agreement and wrote-off \$74,118 (2022 - \$1,892,172) of exploration and evaluation assets to reduce the carrying value to \$Nil (2022 - \$Nil).

5. Deferred acquisition costs and advances

During the year ended May 31, 2023, the Company entered into an agreement to acquire Onça Mineração Ltda. ("Onça"), a Brazilian company. Pursuant to the terms of the agreement, the Company can acquire a 100% interest in Onça by making a payment of \$27,769 (US\$20,000) and issuing 500,000 fully paid ordinary shares of the Company. Upon completion of the acquisition, Onça will become a wholly owned subsidiary of the Company. Onça is the holder of lithium exploration applications located in Brazil, known as the Borborema claims.

Cash advances	\$ 321,426
Deferred Onça acquisition cost	27,769
Jaguar advances	422,394
Total	\$ 771,589

In addition, during the year ended May 31, 2023, Onça entered into an option agreement to acquire the Jaguar claims as detailed below.

Jaguar Lithium, Brazil

During the year ended May 31, 2023, Onça entered into an option agreement to acquire 100% interest of the Jaguar lithium project in Bahia state, north-east Brazil upon completion of the following:

- Cash payment of 1,500,000 BRL (\$410,691 advanced by the Company on behalf of Onça);
- Cash payment of 3,500,000 BRL on or before September 1, 2023 ("Option Exercise Fee"); and
- Cash payment of 14,500,000 BRL on or before August 27, 2024 ("Deferred Consideration").

Simultaneously with payment of the Option Exercise Fee and subject to the exercise of the option, the Company will issue to the Vendor (or its nominees) 3,000,000 performance rights ("Performance Rights") which convert on a one-for-one basis into fully paid ordinary shares in the capital of the Company upon delineation of an inferred (or greater) mineral resource of 10Mt at 1.0% Li₂O or greater within 24 months from the issue of the Performance Rights.

Jaguar, Brazil:

Acquisition cost advances	\$ 410,691
Exploration expenditure advances	
Consulting and engineering	8,869
Fieldwork and miscellaneous	2,834
	\$ 422,394

The Company completed the acquisition of Onça subsequent to May 31, 2023 (Note 15).

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

6. Share Capital and Reserves

a) Authorized

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

b) Private Placements and Share Issuances

During the year ended May 31, 2023, the Company did not undertake any share issuance activity.

During the year ended May 31, 2022, the Company:

- i) issued 225,000 common shares pursuant to exercise of warrants for gross proceeds of \$45,000.
- ii) closed an initial public offering of \$5,045,230 (A\$5,500,000) through the issuance of 27,500,000 shares (settled on the ASX in the form of CHESS depositary interests (CDIs)) at a price of \$0.184 (A\$0.20) per share, with one warrant for every two shares with an exercise price of A\$0.30 until December 24, 2023. The Company recognized a derivative liability valued at \$1,363,175 associated with the warrants. As at May 31, 2023, the Company revalued the derivative liability at \$125,432 (2022 – \$449,916) resulting in an unrealized gain on change in fair value of warrants of \$324,484 (2022 – \$913,259) through profit or loss for the year ended May 31, 2023. It was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 0.57 years (2022 – 1.57 years), volatility 105.67% (2022 – 119.57%), risk-free rate 4.27% (2022 – 2.62%), dividend yield 0% (2022 – 0%).

The Company issued 3,666,667 finders' warrants (valued at \$503,093) in connection with the initial public offering. Each warrant will entitle the holder to acquire an additional share of the Company at a price of A\$0.28 per share until December 24, 2024. The Company incurred \$359,780 in finders' fees and other share issuance costs associated with the offering.

c) Stock Options

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of any stock option granted under the plan may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant.

A summary of the status of the Company's stock options as at May 31, 2023 is presented below:

Exercise Price	Balance at May 31, 2022	Cancelled	Expired	Balance at May 31, 2023	Expiry Date	Remaining contractual life in years	Number of options vested
\$ 0.175	1,650,000	-	-	1,650,000*	October 27, 2025	2.41	1,650,000
\$ 0.25	200,000	-	(200,000)	-	March 30, 2023	-	-
\$ 0.25	25,000	-	(25,000)	-	September 29, 2022	-	-
\$ 0.30	1,025,000	(300,000)	-	725,000**	June 18, 2026	3.05	725,000
Totals:	2,900,000	(300,000)	(225,000)	2,375,000		2.61	2,375,000
\$ 0.23	\$ 0.30	\$ 0.25	\$ 0.21	Weighted average exercise prices			\$ 0.21

*200,000 options exercised subsequent to May 31, 2023

**450,000 options exercised subsequent to May 31, 2023

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6. Share Capital and Reserves (continued)

c) Stock Options (continued)

A summary of the status of the Company's stock options as at May 31, 2022 is presented below:

Exercise Price	Balance at May 31, 2021	Granted	Cancelled	Balance at May 31, 2022	Expiry Date	Remaining contractual life in years	Number of options vested
\$ 0.175	1,650,000	-	-	1,650,000	October 27, 2025	3.41	1,650,000
\$ 0.25	275,000	-	(75,000)	200,000	March 30, 2023	0.83	200,000
\$ 0.25	25,000	-	-	25,000	September 29, 2022	0.33	25,000
\$ 0.30	-	1,025,000	-	1,025,000	June 18, 2026	4.05	1,025,000
Totals:	1,950,000	1,025,000	(75,000)	2,900,000		3.43	2,900,000
\$ 0.187	\$ 0.30	\$ 0.25	\$ 0.23	Weighted average exercise prices			\$ 0.23

d) Share-Based Compensation

During the year ended May 31, 2023, the Company did not grant any share options.

During the year ended May 31, 2022, the Company granted 1,025,000 stock options to directors and consultants of the Company. The options are exercisable at \$0.30 per option for 5 years. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of \$253,300. The options were fully vested on the grant date.

The options granted during the years ended May 31, 2023 and 2022 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

	Year ended May 31, 2023	Year ended May 31, 2022
Weighted average grant date fair value	-	\$0.25
Weighted average risk-free interest rate	-	0.85%
Expected dividend yield	-	0%
Weighted average stock price volatility	-	140.59%
Weighted average forfeiture rate	-	0%
Weighted average expected life of options in years	-	5.00

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6. Share Capital and Reserves (continued)

e) Share Purchase Warrants

Exercise Price	Balance at May 31, 2022	Granted	Exercised	Expired	Balance at May 31, 2023	Expiry Date	Remaining contractual life in years
\$ 0.80	774,000	-	-	(774,000)	-	June 15, 2022	-
\$ 0.20	3,256,700	-	-	(3,256,700)	-	Oct 21, 2022	-
\$ 0.30	6,889,376	-	-	(6,889,376)	-	May 14, 2023	-
AUD\$0.30	13,750,000	-	-	-	13,750,000*	Dec 15, 2023	0.57
AUD\$0.28	3,666,667	-	-	-	3,666,667	Dec 23, 2024	1.57
	28,336,743	-	-	(10,920,076)	17,416,667		0.78
	\$ 0.30	\$ -	\$ -	\$ 0.31	\$ 0.30	Weighted average exercise prices	

* 11,140,956 warrants exercised subsequent to May 31, 2023

Exercise Price	Balance at May 31, 2021	Granted	Exercised	Expired	Balance at May 31, 2022	Expiry Date	Remaining contractual life in years
\$ 0.80	1,630,000	-	-	(1,630,000)	-	May 24, 2022	-
\$ 0.80	774,000	-	-	-	774,000	June 15, 2022	0.04
\$ 0.20	3,481,700	-	(225,000)	-	3,256,700	Oct 21, 2022	0.39
\$ 0.30	6,889,376	-	-	-	6,889,376	May 14, 2023	0.95
AUD\$0.30	-	13,750,000	-	-	13,750,000	Dec 15, 2023	1.57
AUD\$0.28	-	3,666,667	-	-	3,666,667	Dec 23, 2024	2.57
	12,775,076	17,416,667	(225,000)	(1,630,000)	28,336,743		1.37
	\$ 0.37	\$ 0.29	\$ 0.20	\$ 0.80	\$ 0.30	Weighted average exercise prices	

As at May 31, 2023, all of the above warrants were exercisable, except the 3,666,667 finders' warrants, which are restricted from exercise until December 24, 2023.

7. Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the years ended May 31, 2023 and 2022 were as follows:

	Year ended May 31, 2023	Year ended May 31, 2022
Short-term benefits	\$ 477,268	\$ 389,851
Share-based compensation	\$ -	\$ 98,849
Total	\$ 477,268	\$ 488,700

Included in short term benefits are the following:

- \$105,000 (2022 - \$122,500) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's formal Chief Executive Officer.
- \$18,000 (2022 - \$18,000) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

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7. Related Party Transactions (continued)

- (iii) \$78,684 (2022 - \$76,036) in director fees paid or accrued to Christopher Gale, a director of the Company.
- (iv) \$15,000 (2022 - \$88,500) in consulting fees recorded under exploration and evaluation assets paid or accrued to Fred Tejada, a former director of the Company.
- (v) \$60,000 (2022 - \$33,500) in director fees paid or accrued to Kevin Wilson, a director of the Company.
- (vi) \$60,000 (2022 - \$26,315) in director fees paid or accrued to Chafika Eddine, a director of the Company.
- (vii) \$60,000 (2022 - \$25,000) in director fees paid or accrued to Michael Parker, a director of the Company.
- (viii) \$46,709 (2022 - \$Nil) capitalized in exploration and evaluation assets paid or accrued to a company controlled by Michael Parker, a director of the Company.
- (ix) \$33,875 (2022 - \$Nil) in director fees paid or accrued to Matthew Boyes, the Company's Chief Executive Officer.

Included in receivables is \$16,800 (2022 - \$16,800) receivable from Volatus Capital Corp., a Company with a shared director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is \$119,408 (2022 - \$69,475) in key management compensation payable to directors, officers and a former officer.

Included in accounts payable and accrued liabilities is \$64,911 (2022 - \$14,085) due to Latin Resources Limited, a company with a common director.

During the year ended May 31, 2022, the Company wrote off a receivable of \$108,910 due from a company which formerly shared a Chief Financial Officer.

8. Equipment

	Office furniture and equipment	Field equipment	Computer equipment	Total
Cost:				
Balance, May 31, 2021, 2022 and 2023	\$ 94,962	\$ 74,353	\$ 26,428	\$ 195,743
Accumulated amortization:				
Balance, May 31, 2021	93,811	65,160	25,944	184,915
Charge for the year	345	1,378	218	1,941
Balance, May 31, 2022	94,156	66,538	26,162	186,856
Charge for the year	242	1,172	120	1,534
Balance, May 31, 2023	\$ 94,398	\$ 67,710	\$ 26,282	\$ 188,390
Net book value:				
Balance, May 31, 2022	\$ 806	\$ 7,815	\$ 266	\$ 8,887
Balance, May 31, 2023	\$ 564	\$ 6,643	\$ 146	\$ 7,353

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9. Short-Term Borrowing

The Company has previously entered into arrangements with four lenders to provide funds on a short-term basis. During the year ended May 31, 2022, the Company repaid the loans in full in the amount of \$51,982.

10. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the 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 the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. The strategy is unchanged from the prior year.

11. Financial Instruments and Financial Risk

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and derivative liability. The fair values of these financial instruments approximate their carrying values except for the derivative liability which is valued using Level 3 inputs.

An entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximates their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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11. Financial Instruments and Financial Risk (Continued)

Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

The Company is exposed to currency risk to the extent that expenditures incurred by the Company are denominated in currencies other than the Canadian dollar including Chilean peso and United States dollar. The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows:

	May 31, 2023 US Dollars	May 31, 2022 US Dollars	May 31, 2023 Chilean Pesos	May 31, 2022 Chilean Pesos	May 31, 2023 AU Dollars	May 31, 2022 AU Dollars
Cash	\$ 24,949	\$ 247,924	\$ 2,410	\$ 50,242,599	\$ 32,347	\$ 3,368,187
Accounts payable	(44,083)	(13,359)	(14,303,365)	(164,313,671)	(68,956)	(17,467)
Net	\$ (19,134)	\$ 234,565	\$ (14,300,955)	\$ (114,071,072)	\$ (36,609)	\$ 3,350,720

Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company's receivables consist of amounts due from the Canadian government and third parties and other parties. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At May 31, 2023, the Company had \$Nil in amounts due greater than 90 days.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

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11. Financial Instruments and Financial Risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2023:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	\$ 325,590	\$ -	\$ -
Accrued liability	102,000	-	-
	<u>\$ 427,590</u>	<u>\$ -</u>	<u>\$ -</u>

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2022:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	\$ 376,549	\$ -	\$ -
Accrued liability	149,697	-	-
	<u>\$ 526,246</u>	<u>\$ -</u>	<u>\$ -</u>

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

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 currency risk. The Company is not exposed to other price risk.

12. Segmented Information

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

	Peru	Brazil	Canada	Total
May 31, 2023				
Capital assets	\$ -	\$ -	\$ 7,353	\$ 7,353
Deferred acquisition costs and advances	-	771,589	-	771,589
Exploration and evaluation assets	4,234,011	-	-	4,234,011
	<u>\$ 4,234,011</u>	<u>\$ 771,589</u>	<u>\$ 7,353</u>	<u>\$ 5,012,953</u>
May 31, 2022				
Capital assets	\$ -	\$ -	\$ 8,887	\$ 8,887
Exploration and evaluation assets	3,376,800	-	-	3,376,800
	<u>\$ 3,376,800</u>	<u>\$ -</u>	<u>\$ 8,887</u>	<u>\$ 3,385,687</u>

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13. Commitments

The Company is party to certain consulting agreements. These agreements contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been provided for in the consolidated financial statements.

On May 30, 2023, the Company entered into an investor awareness services contract whereby the Company agreed to issue 2,500,000 common shares. The agreement is subject to regulatory approvals and accordingly, no commitment to issue shares has been recorded..

14. Income taxes

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

	2023	2022
Net loss for the year	\$ (1,461,917)	\$ (3,118,728)
Canadian statutory tax rate	27%	27%
Income tax benefit computed at statutory rates	(395,000)	(842,000)
Permanent differences	(14,000)	(60,000)
Share issue costs	-	(97,000)
Change in timing differences	(481,000)	6,000
Foreign exchange effect on tax assets and liabilities	(2,000)	3,000
Unused tax losses not recognized in tax assets	892,200	990,000
	\$ -	\$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2023	2022
Tax value over book value of equipment	\$ 203,000	\$ 201,000
Exploration and evaluation assets	3,300,000	1,964,000
Non-refundable mining credit	67,000	67,000
Share issue costs	298,000	415,000
Derivative liability	125,000	-
Non-capital losses	15,538,000	13,588,000
Unrecognized deferred tax amounts	19,531,000	\$ 16,235,000

As at May 31, 2023, the Company has approximately \$15,538,000 (2022 - \$13,588,000) of non-capital losses in Canada that may be used to offset future taxable income, expiring from 2027 to 2042.

In addition, as at May 31, 2023, the Company has approximately \$203,000 (2022 - \$104,000) of non-capital losses in Peru that may be used to offset future taxable income expiring from 2029 to 2037.

In addition, as at May 31, 2023, the Company has approximately \$555,000 (2022 - \$126,000) of non-capital losses in Chile that may be used to offset future taxable income.

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15. Subsequent events

Subsequent to the year ended May 31, 2023, the Company:

- i) closed the first tranche of a private placement and issued 5,545,455 common shares at \$0.50 (A\$0.55) per share for gross proceeds of \$2,756,044 (A\$3,050,000). The Company incurred \$183,000 in finders' fees.
- ii) issued 650,000 common shares pursuant to the exercise of options for gross proceeds of \$170,000.
- iii) issued 11,140,956 common shares pursuant to the exercise of warrants for gross proceeds of \$2,965,348.
- iv) completed the acquisition of Onça by issuing 500,000 common shares of the Company (Note 5).
- v) closed the second tranche of a private placement and issued 9,521,818 common shares at \$0.50 (A\$0.55) per share for gross proceeds of A\$5,237,000. The Company incurred \$90,000 in brokers' fees.
- vi) granted 7,000,000 performance rights to directors. These performance rights vest over a period of 24 months, or pursuant to specific performance criteria associated with the Company's exploration & evaluation assets.
- vii) granted 600,000 options stock options to a consultant of the Company. The options are exercisable at AUD\$0.60 per option until August 11, 2026. The options were fully vested on the grant date.

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