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Condensed Interim Consolidated Financial Statements of

# Resouro Strategic Metals Inc.

**(formerly Resouro Gold Inc.)**

**For the three and six months ended September 30, 2024 and September 30, 2023**
(Expressed in Canadian Dollars)

**Unaudited condensed interim consolidated financial statements**

In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these condensed interim consolidated financial statements for the three and six months ended September 30, 2024 and September 30, 2023.

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# RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
## Condensed Interim Consolidated Statements of Financial Position
## (Expressed in Canadian dollars)

| As at, | Notes | September 30, 2024 | March 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | | | |
| Cash | | **$ 4,318,843** | $ 1,921,272 |
| Prepaid expenses | | **25,323** | 23,010 |
| Interest receivable | | **20,000** | - |
| Accounts receivable | | **8,088** | 29,193 |
| | | **4,372,255** | 1,973,475 |
| Non-current assets | | | |
| Right-of-use asset | 8 | **22,326** | 36,740 |
| Property and equipment | 5 | **202,041** | 194,787 |
| Exploration and evaluation assets | 6 | **5,640,340** | 5,640,340 |
| | | **5,864,707** | 5,871,867 |
| TOTAL ASSETS | | **10,236,962** | 7,845,342 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10 | **275,810** | 938,708 |
| Due to related party | 13 | **88,480** | 98,685 |
| Lease obligation - current portion | 9 | **18,892** | 32,857 |
| | | **383,183** | 1,070,250 |
| Non-current liabilities | | | |
| Lease obligation - non-current portion | 9 | **2,162** | 2,351 |
| TOTAL LIABILITY | | **385,345** | 1,072,601 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 11 | **19,403,205** | 12,985,642 |
| Warrants | 11 | **464,274** | 464,274 |
| Contributed surplus | 11 | **3,359,704** | 2,842,375 |
| Foreign currency translation reserve | | **32,087** | 32,087 |
| Deficit attributable to shareholders | | **(13,506,783)** | (9,805,476) |
| Equity attributable to shareholders | | **9,752,487** | 6,518,902 |
| Non-controlling interest | 12 | **258,518** | 258,518 |
| Deficit attributable to non-controlling interest | | **(159,387)** | (4,680) |
| Total equity | | **9,851,618** | 6,772,740 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **$ 10,236,962** | $ 7,845,342 |
| Going Concern | 1 | | |

**Approved by the Board of Directors on November 12, 2024**

*"Christopher Eager"*
CEO and Director

*"Philippe Martins"*
Director

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

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# RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
## Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss
## (Expressed in Canadian dollars)

| | Notes | For the three months ended September 30, 2024 | 2023 | For the six months ended September 30, 2024 | 2023 |
|---|---|---|---|---|---|
| **General and administrative** | | | | | |
| Management fees | | **$ 355,028** | $ 112,269 | **$ 768,281** | $ 183,506 |
| Professional fees | | **507,736** | 387,127 | **963,272** | 515,482 |
| Sustainability and climate | 6 | **22,968** | - | **22,968** | - |
| Office and administrative expenses | | **28,173** | 24,039 | **40,133** | 40,294 |
| Share-based compensation | 10 | **31,677** | 82,113 | **113,900** | 384,029 |
| Travel and related expenses | | **53,068** | 15,466 | **179,935** | 46,909 |
| Depreciation | 4 | **6,155** | 408 | **11,853** | 821 |
| Accretion of right-of-use obligation | 8 | **630** | - | **2,160** | - |
| Depreciation of right-of-use asset | 7 | **4,946** | - | **14,625** | - |
| Foreign exchange loss (gain) | | **(2,856)** | 56,050 | **(78,838)** | 60,533 |
| **Exploration and evaluation expenditures** | 5 | **917,764** | 7,671 | **1,909,330** | 8,388 |
| | | **1,925,291** | 685,143 | **3,947,620** | 1,239,962 |
| **Other items** | | | | | |
| Interest income | | (72,374) | (1,939) | **(91,606)** | (1,939) |
| Penalty relief | | - | (21,576) | **-** | (21,576) |
| Net loss | | **1,852,917** | 661,628 | **3,856,014** | 1,216,447 |
| **Net loss attributable to** | | | | | |
| Common shareholders | | **1,792,224** | 661,628 | **3,701,307** | 1,216,447 |
| Non-controlling interest | 11 | **60,693** | - | **154,707** | - |
| **Attributable net loss** | | **1,852,917** | 661,628 | **3,856,014** | 1,216,447 |
| **Total comprehensive loss attributable to** | | | | | |
| Common shareholders | | **1,792,224** | 661,628 | **3,701,307** | 1,216,447 |
| Non-controlling interest | 11 | **60,693** | - | **154,707** | - |
| **Attributable comprehensive loss** | | **$1,852,917** | $ 661,628 | **$3,856,014** | $1,216,447 |
| **Net loss per share - basic and diluted** | | **$ (0.02)** | $ (0.01) | **$ (0.05)** | $ (0.02) |
| **Weighted average shares outstanding basic and diluted** | | **92,332,192** | 62,687,295 | **85,753,503** | 54,149,574 |

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

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**RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)**
**Condensed Interim Consolidated Statements of Cash Flow**
**(Expressed in Canadian dollars)**

| | Notes | For the six months ended September 30, 2024 | 2023 |
|---|---|---|---|
| **Cash flow used in operating activities** | | | |
| Loss for the period | | **$ (3,856,014)** | $ (1,216,447) |
| Items not affecting cash: | | | |
| Share-based compensation | 11 | **113,900** | 384,029 |
| Depreciation | 5 | **11,853** | 821 |
| Foreign exchange | | **(48,353)** | 60,533 |
| Accretion of right-of-use obligation | 9 | **2,160** | - |
| Depreciation of right-of-use asset | 8 | **14,625** | - |
| Net change in non-cash working capital balances: | | | |
| Accounts receivable | | **21,105** | 26,432 |
| Interest receivable | | **(20,000)** | - |
| Prepaid expenses | | **(2,313)** | (8,761) |
| Due from related parties | | **(10,205)** | (642,859) |
| Accounts payable and accrued liabilities | | **(662,898)** | (537,233) |
| Cash flow used in operating activities | | **(4,436,140)** | (1,933,485) |
| **Cash flow provided by financing activities** | | | |
| Related party financing | 13 | **-** | (1,679) |
| Repayment of office lease | 8 | **(16,378)** | - |
| Private placement, net share issue costs | 11 | **6,820,993** | 5,037,696 |
| Cash flow provided by financing activities | | **6,804,615** | 5,036,017 |
| **Cash flow used in investing activities** | | | |
| Property and equipment | 5 | **(13,410)** | (2,158) |
| Cash flow used in investing activities | | **(13,410)** | (2,158) |
| Foreign exchange impact | | **42,506** | - |
| **Net change in cash** | | **2,355,065** | 3,100,374 |
| Cash at beginning of the period | | **1,921,272** | 6,759 |
| **Cash at the end of the period** | | **$ 4,318,843** | $ 3,107,133 |

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

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# RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
## Condensed Interim Consolidated Statements of Shareholders' Equity
## (Expressed in Canadian dollars)

| | Share Capital | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Warrants | Contributed surplus | Non-controlling interest | Other comprehensive income | Accumulated deficit | Total equity |
| Balance at March 31, 2023 | *43,974,956* | $ 5,770,329 | $ 359,707 | $ - | $ - | $32,087 | $ (6,109,783) | $ 52,340 |
| Shares issued in private placements (Note 11) | *30,565,236* | 6,743,000 | - | - | - | - | - | 6,743,000 |
| Shares issued as compensation (Note 6) | *1,642,000* | 870,260 | - | - | - | - | - | 870,260 |
| Shares issuance costs (Note 11) | - | (413,380) | - | - | - | - | - | (413,380) |
| Agent shares (Note 11) | - | 120,000 | - | - | - | - | - | 120,000 |
| Agent warrants (Note 11) | - | (104,567) | 104,567 | - | - | - | - | - |
| Share based compensation (Note 11) | - | - | - | 1,385,975 | - | - | - | 1,385,975 |
| Acquisition compensation issued (Note 6) | - | - | - | 1,456,400 | - | - | - | 1,456,400 |
| Non-controlling interest (Note 12) | - | - | - | - | 258,518 | - | - | 258,518 |
| Loss for the year attributable to shareholders | - | - | - | - | (4,680) | - | (3,695,693) | (3,700,373) |
| **Balance at March 31, 2024** | ***76,182,192*** | **$ 12,985,642** | **$ 464,274** | **$ 2,842,375** | **$ 253,838** | **$32,087** | **$ (9,805,476)** | **$ 6,772,740** |
| Shares issued in private placements (Note 11) | *16,000,000* | 7,300,420 | - | - | - | - | - | 7,300,420 |
| Shares issuance costs (Note 11) | - | (933,772) | - | - | - | - | - | (933,772) |
| Agent options (Note 11) | - | - | - | 428,094 | - | - | - | 428,094 |
| Stock options exercised (Note 11) | *150,000* | 50,915 | - | (24,665) | - | - | - | 26,250 |
| Share based compensation (Note 11) | - | - | - | 113,900 | - | - | - | 113,900 |
| Non-controlling interest (Note 12) | - | - | - | - | (154,707) | - | - | (154,707) |
| Loss for the year attributable to shareholders | - | - | - | - | - | - | (3,701,307) | (3,701,307) |
| **Balance at September 30, 2024** | ***92,332,192*** | **$ 19,403,205** | **$ 464,274** | **$ 3,359,704** | **$ 99,131** | **$32,087** | **$(13,506,783)** | **$ 9,851,618** |

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

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Resouro Strategic Metals Inc. ("**the Company"** or **"Resouro**"), formerly Resouro Gold Inc., was incorporated on August 4, 1992 under the laws of British Columbia, Canada. The Company's head office and registered is Suite 250 997 Seymour Street, Vancouver, British Columbia, Canada V6B 3M1. The Company's shares are listed on the Australian Securities Exchange (the "**ASX**") under the symbol "RAU", the TSX Venture Exchange (the "**TSX.V**") under the symbol "RSM", the Over-the-Counter pink sheet US exchange (the "**OTC**") under the symbol "RSGOF" and the Frankfurt Stock Exchange (the "**FSE**") under the symbol "8TX".

The Company has four subsidiaries. Ison Mining Pte Ltd. ("**ISON**") is owned by Resouro. ISON was incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of ISON do Brasil Mineração Ltda ("**ISON do Brasil**"), a company incorporated under the laws of Brazil. Tiros Stratmet Pte Ltd ("**TSPS**") is 100% owned by Resouro. TSPS was incorporated under the laws of Singapore. TSPS owns 90% of the outstanding shares of Tiros Minerais Estrategicos Mineração Ltda ("**TMEL**"), a company incorporated under the laws of Brazil. A third party holds a 10% non-controlling interest ("**NCI**") over the Tiros project assets through its 10% ownership of TMEL.

The Company changed its fiscal year end to March 31st effective May 15, 2022, upon the completion of the Company's reverse takeover transaction ("**RTO**") (Noe 4). The change in the fiscal year end to March 31st was made in order to streamline the Company's financial reporting.

The Company is an exploration stage company and has interests in mineral exploration properties in Brazil. Substantially all of the Company's efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The recoverability of resources discovered is dependent upon the reserves being economically recoverable, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company's interest in the underlying claims and leases, ability to obtain the necessary permits to mine, and future profitable production or proceeds from the disposition of these assets.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these condensed interim consolidated financial statements, the Company has not achieved profitable operations and has accumulated losses since inception. The Company had a working capital surplus of $3,989,072 (March 31, 2024 $900,874) and an accumulated deficit attributable to shareholders of $13,506,783 (March 31, 2024 $9,805,476) for the six months ended September 30, 2024. The Company has incurred a loss from operations of $3,856,014 for the six months ended September 30, 2024 (September 30, 2023 $1,216,447).

These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management estimates that the Company currently has adequate capital to operate for the coming year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended March 31, 2024. Details outlining the Company's accounting policies are contained in the notes to the financial statements for the year ended March 31, 2024.

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## 3. BASIS OF PRESENTATION

### Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") effective for the reporting period. There are no new IFRS and/or IFRIC pronouncements currently in effect that would have a material effect on the Company.

These condensed interim consolidated financial statements for the six months ended September 30, 2024, were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended March 31, 2024.

### Basis of presentation and measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

### Basis of consolidation

These condensed interim consolidated financial statements comprise the accounts of the parent company, and its wholly-owned subsidiaries, after the elimination of all material intercompany balances and transactions.

*Subsidiaries*

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company has four subsidiaries. ISON is 100% owned by Resouro. ISON was incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of TMEL, a company incorporated under the laws of Brazil. TSPS is 100% owned by Resouro. TSPS was incorporated under the laws of Singapore. TSPS owns 90% of the outstanding shares of TMEL, a company incorporated under the laws of Brazil. A third party owns a 10% NCI of the Tiros project assets through its 10% ownership of TMEL.

Subsidiaries are deconsolidated from the date control ceases. The interest of non-controlling shareholders in the acquiree are initially measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets (after any relevant fair value adjustments to the assets, liabilities and contingent liabilities recognised as part of the business combination). Changes in the Company's ownership interests that do not result in a loss of control are accounted for as equity transactions with the existing shareholder.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. The non-controlling interests' share of losses, where applicable, is attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

### Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and reporting currency of Resouro and its subsidiaries. Below is a list of ownership percentages and functional currencies of Resouro's subsidiaries:

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## 3. BASIS OF PRESENTATION (*Continued*)

| Entity Name | Functional Currency | Ownership Percentage |
|---|---|---|
| Ison Mining Pte Ltd. ("**ISON**") | Canadian Dollar | 100% |
| Ison Do Brasil Mineração ("**ISON do Brasil**") | Canadian Dollar | 100% |
| Tiros Stratmet Pte Ltd ("**TSPS**") | Canadian Dollar | 100% |
| Tiros Minerais Estrategicos Mineração Ltda ("**TMEL**") | Canadian Dollar | 90% (10% NCI) |

**Non-controlling interest**

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of shareholders' equity (deficiency). Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interest share of changes in equity since the date of acquisition. The Company owns 90% of the Tiros property assets held by its subsidiary, TMEL. These consolidated financial statements include 100% of the assets and liabilities related to TMEL and include a non-controlling interest representing 10% of TMEL.

**Financial instruments**

*Financial assets*

The Company recognizes financial assets when it becomes party to the contractual provisions of an instrument. On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; fair value through other comprehensive income ("**FVTOCI**"); or fair value through profit or loss ("**FVTPL**"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company's financial assets consist of cash and accounts receivable classified at amortized cost.

The Company's financial assets consist of cash and accounts receivable classified at amortized cost.

*Derecognition of financial assets*

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

*Impairment of financial assets*

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

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## 3. BASIS OF PRESENTATION (*Continued*)

the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

*Financial liabilities*

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Financial liabilities are designated as either: fair value through profit or loss; or amortized cost using the effective interest rate. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The Company's financial liabilities consist of accounts payable and accrued liabilities, loan payable and due to related party classified at amortized cost. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

*Derecognition of financial liabilities*

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement date, right-of-use assets are measured at cost, where cost comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments, discounted using the lessee's incremental borrowing rate applied to the lease liabilities. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of leased asset. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

**Critical accounting judgments and estimates**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments

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## 3. BASIS OF PRESENTATION (*Continued*)

made by management in preparing the financial statements are described below. The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments**

Critical accounting judgments require management to make assumptions that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

*Functional currency*

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Canadian dollar was determined to be the functional currency for all entities within the corporate group on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

*Mineral properties under exploration*

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

*Going Concern*

These condensed interim consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management has applied judgment in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Given the judgment involved, actual results may lead to a materially different outcome.

**Estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

*Share-based payments and warrant valuations*

The determination of the fair value of stock options or warrants using the Black-Scholes option pricing model, requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

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## 4. REVERSE ACQUISITION BY ISON

During September 2021, the Company entered into a definitive share purchase agreement ("**SPA**"), subsequently amended, with ISON for an arm's-length reverse takeover, wherein the Company acquired all of the outstanding shares of ISON from its shareholders in exchange for 29,655,750 post-consolidation common shares of the Company, after its two-for-one share consolidation. During November 2021, the Company entered into a loan agreement with ISON for US$150,000 (C$190,656) bearing interest at 5% per annum calculated and payable monthly in arrears until the completion of the RTO. The transaction closed on May 15, 2022 at which time the ISON loan was re-classified to inter company.

This transaction constituted a reverse asset acquisition by ISON of Resouro, which did not meet the definition of a business, before acquisition, under IFRS 3 Business Combinations ("IFRS 3"), and therefore the transaction was not a business combination as defined therein. The substance of the transaction was a reverse acquisition of a non-operating company. Although legally, Resouro was regarded as the parent or continuing entity, ISON, whose shareholders held approximately 67.4% of the voting shares of the Company immediately after the transaction, is treated as the acquirer for accounting purposes following the principles of IFRS 3. As a result, the transaction was accounted for as an asset acquisition with ISON being identified as the acquirer and the transaction being measured at the fair value of the equity consideration deemed issued to the Resouro shareholders in accordance with IFRS 2 Share-based Payments ("IFRS 2").

Consequently, the transaction was accounted for as a continuation of the financial statements of ISON, together with a deemed issuance of shares equivalent to the shares held by the former shareholders of the Company, and a recapitalization of the equity of Resouro. These condensed interim consolidated financial statements include the completion of the RTO recorded on May 15, 2022. ISON, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of the Resouro in a capital transaction. The consolidated statements of loss and comprehensive loss include the full results of ISON for the year ended March 31, 2023, and for Resouro from the date of acquisition, May 15, 2022, to March 31, 2023. As the acquirer for accounting purposes, ISON's net assets are included in the consolidated statements of financial position at their carrying amounts.

IFRS 2 applies to transactions where any entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, the amount assigned to the listing expense in profit or loss is $1,837,480, being the difference between the aggregate estimated fair value of deemed issuance shares equivalent to the shares held by the former shareholders of Resouro, less the fair value of the net assets acquired of Resouro. The estimated fair value of the deemed issuance shares equivalent to the shares held by the former shareholders of the Resouro was based on the concurrent financing.

The purchase price allocation was as follow:

| | **Amounts** |
|---|---|
| Consideration paid: | |
| Common shares retained by acquiree shareholders | $2,091,371 |
| **Total consideration paid** | **2,091,371** |
| Net assets acquired: | |
| Cash | 106,780 |
| Accounts receivable | 2,655 |
| Loan receivable | 190,656 |
| Accounts payable and accrued liabilities | (46,200) |
| Total net assets acquired | 253,891 |
| Listing expense | 1,837,480 |
| **Total assets acquired** | **$2,091,371** |

The Company completed a concurrent non-brokered private placement of 7,288,127 units at a price of $0.35 per unit for gross cash proceeds of $2,550,844 (Note 11). Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.50 per share for 24 months from the

## 4. REVERSE ACQUISITION BY ISON (*Continued*)

date of issuance, subject to an acceleration clause. A value of $383,257 was assigned to the warrants using the Black-Scholes model calculation (Note 11). In addition, $23,550 of share issue costs were assigned to warrants for a net warrant value of $359,707 (Note 11). Total share issue costs of $182,567 were incurred.

## 5. PROPERTY AND EQUIPMENT

| | Asset | Depreciation | Net Book Value |
|---|---|---|---|
| **Computer & software** | | | |
| Opening balance at March 31, 2023 | $ 1,730 | $ (409) | $ 1,321 |
| Additions | 48,825 | (1,088) | 47,737 |
| Balance at March 31, 2024 | 50,555 | (1,497) | 49,058 |
| Additions | 15,111 | (5,412) | 9,699 |
| **Balance at September 30, 2024** | **65,666** | **(6,909)** | **58,757** |
| **Furniture** | | | |
| Opening balance at March 31, 2023 | 7,552 | (453) | 7,099 |
| Additions | 5,008 | (869) | 4,139 |
| Balance at March 31, 2024 | 12,560 | (1,322) | 11,238 |
| Additions | 2,365 | (1,484) | 882 |
| **Balance at September 30, 2024** | **14,925** | **(2,806)** | **12,120** |
| **Machinery & equipment** | | | |
| Opening balance at March 31, 2023 | 6,246 | (432) | 5,814 |
| Additions | 130,015 | (1,338) | 128,677 |
| Balance at March 31, 2024 | 136,261 | (1,770) | 134,491 |
| Additions | 2,128 | (5,455) | (3,327) |
| **Balance at September 30, 2024** | **138,389** | **(7,225)** | **131,164** |
| Total property and equipment at March 31, 2023 | 15,528 | (1,294) | 14,234 |
| Total property and equipment at March 31, 2024 | 199,376 | (4,589) | 194,787 |
| **Total property and equipment at September 30, 2024** | **$ 218,980** | **$ (16,939)** | **$ 202,041** |

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## 6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

| | March 31, 2024 | Translation difference | Additions | Impairment | September 30, 2024 |
|---|---|---|---|---|---|
| Brazil | | | | | |
| Novo Mundo | $ 1,636,607 | $ - | $ - | $ - | $ 1,636,607 |
| Tiros project | 3,863,203 | - | - | - | 3,863,203 |
| Santa Angela | 140,530 | - | - | - | 140,530 |
| **Total** | **$ 5,640,340** | **$ -** | **$ -** | **$ -** | **$ 5,640,340** |

| | March 31, 2023 | Translation difference | Additions | Impairment | March 31, 2024 |
|---|---|---|---|---|---|
| Brazil | | | | | |
| Novo Mundo | $ 961,857 | $ - | $ 674,750 | $ - | $ 1,636,607 |
| Tiros project | - | - | 3,863,203 | - | 3,863,203 |
| Santa Angela | 140,530 | - | - | - | 140,530 |
| Total | $ 1,102,387 | $ - | $ 4,537,953 | $ - | $ 5,640,340 |

**The Tiros Rare Earth Elements and Titanium Oxide Project**

On July 31, 2023, the Company entered into a definitive purchase agreement ("**Tiros Agreement**") to acquire a 33.3% interest in the Tiros project ("**Tiros**") with the right to earn the remaining interest by achieving certain milestones. The Tiros Agreement included acceleration provisions. Resouro acquired 80,000 shares of TSPS a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. The Company received approval from the TSX Venture Exchange ("**TSXV**") on March 11, 2024, which constitutes the closing date.

On October 19, 2023, the Company announced that it had entered into an agreement, the First Addendum, with RBM Consultoria Mineral Eirlei ("**RBM**") to accelerate the earn-in provisions detailed in the Tiros Agreement which resulted in the transfer of RBM's control over TSPS to Resouro. Therefore, at March 11, 2024, upon close of the transaction, Resouro owned 100% of TSPS which owned 90% of TMEL. The remaining 10% of TMEL is owned by RBM as a non-controlling interest. This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation. The Company applied IFRS 2 Share-based Payments in accounting for and assessing the transaction.

The following tables summarize the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired, and liabilities assumed:

| **Purchase price** | **Value** |
|---|---|
| Stock options(1) | $ 1,456,400 |
| Common shares(2) | 870,260 |
| Performance rights(3) | - |
| Funding to TMEL prior to acquisition | 1,199,962 |
| **Total purchase price** | **3,526,622** |

(1) Refer to note (i)
(2) Refer to note (ii)
(3) Refer to note (iii)



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## 6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (*Continued*)

| Net Assets Acquired | | Total |
|---|---|---|
| Current assets | $ | 68,172 |
| Property and equipment | | 171,777 |
| Exploration and evaluation assets | | 3,863,203 |
| Current liabilities | | (318,012) |
| Value of net assets allocated to NCI – 10% | | (258,518) |
| **Total net assets acquired** | **$** | **3,526,622** |

(i) On March 11, 2024, 4,000,000 stock options were issued to Resmin as compensation for its 33.3% ownership of TSPS. The options are exercisable at a price of $0.20 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was $1,456,400 and was expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.5%; volatility of 69%, and an expected life of 5 years. The options vested immediately following issuance.

(ii) On March 19, 2024, the Company issued 1,642,000 common shares to RBM as compensation for the 66.7% ownership of TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. The shares are subject to a four month hold period. A fair value of $870,260 was assigned to the shares.

(iii) In consideration of RBM accelerating the earn-in provision of the Tiros Agreement RBM will receive 750,000 performance rights of Resouro that will be convertible into common shares upon completion of the Definitive Feasibility Study by Resouro. The performance rights are considered to have no value at this time because management cannot accurately predict when the performance condition associated with those rights will be met.

On September 9, 2024 the Company entered into a binding agreement to acquire 3 additional tenements in the Tiros project area. The tenements compliment the existing holdings by extending the mineral rights held in the North to the Southern holdings. The 3 tenements are contiguous with the Sao Gotardo block of the Tiros project and intersect the Capacete Formation associated with the project.

Consideration paid includes the following staged transactions:

a. Initial payment $50,000 and 142,857 common shares of Resouro.
b. Milestone 1: Resouro will drill 6 holes on the tenements whereby at least 3 holes show a minimum of 20 continuous meters of intercepts with over 2,000 ppm of TREO, within 2 years of the purchase date. If drilling is not completed within 2 years, then payment is due at September 9, 2026.
   Payment: $50,000 and 142,857 common shares of Resouro.
c. Milestone 2: Resouro completes sufficient work to issue a JORC compliant report with an inferred Resouro of 100 million tonnes of at least 2,000 ppm TREO within 3 years of the purchase date.
   Payment:$50,000 and common shares based on the 20-day Volume-Weighted Average Price ("**VWAP**") of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of $0.24.
d. Milestone 3: Up to one year after the milestone 2 payment is made the final payment is due.
   Payment: $100,000 and common shares based on the 20-day VWAP of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of $0.24.

The Company considers this consolidation of tenements in the highly prospective Capacete Formation a strategic acquisition to complement the current land holdings in the Tiros area.



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## 6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (*Continued*)

### Buracão Gold project

During February 2021, the Company entered into an option agreement with a private owner to acquire 100% interest in mineral rights on the Buracão Gold project, located on the border between the States of Tocantins and Goias, Brazil.

On February 25, 2023, the Company notified the seller that it was discontinuing its investments in the Buracão project. The Company has decided to reprioritize its allocation of resources from the Buracão project to the Novo Mundo gold project. Per the option agreement, the Company had the right to withdraw without further payment obligations if it gave 30 days notice before the second anniversary of signing the option agreement. The Company did not provide the required 30 days notice, and as a result the Company has incurred a penalty of 2,000,000 (Brazilian Real "**BRL**"), per the option agreement, which were due in 3 installments. The final BRL 1,000,000 payment was reduced by 8% because the Company paid the final amount early which resulted in a penalty relief of $21,856. The final BRL 1,000,000 payment was reduced by 8% to BRL 920,000 because the Company paid the final amount early which resulted in a penalty relief of $21,856. The final payment was made during June 2024.

As a result of the withdrawal from the option agreement, the $503,508 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss. In addition, the $533,800 penalty was recognized as an impairment cost under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for a total impairment of $1,037,308 at March 31, 2023.

### Novo Mundo project

On May 11, 2021, the Company entered into an agreement with Nexa Recursos Minerais S.A. ("**Nexa**") for the rights to conduct exploration work for up to three years (the "**Exploration Period**") on the Novo Mundo project located in the State of Mato Grosso, Brazil. The Company is now the rightful owner and titleholder of the Novo Mundo Project subject to the terms of the purchase agreement.

The Company has the rights to conduct exploration work at its sole discretion. If within the remaining exploration period for each Mineral Right, an identified resource target which is predominately precious metals, the Company shall have the first right to develop and solely fund the project and Nexa will retain a 1.5% Net Smelter Return ("**NSR**").

If within the remaining exploration period for each Mineral Right, an identified resource target of which is predominately base metals:

- Nexa shall have the first right to develop and solely fund a base metals project and the Company will retain a 1.5% NSR; and
- if Nexa does not wish to proceed, the Company may elect to develop a base metals project and Nexa will retain a 1.5% NSR.
- if it is determined that the Project is predominantly a precious metals Project, any base metals should be considered as byproducts of gold, silver and/or indium deposits in the Mineral Rights shall not be considered as base metals and shall be part of the precious metals project.

Either party has the option to buy back the NSR from the counterparty for:

- US$2,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) before May 11, 2023; and
- US$5,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) between May 11, 2021 to May 11, 2026.

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## 6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (*Continued*)

On January 19, 2023, the Company submitted two partial exploration reports ("**PER**") to the Brazilian National Mining Agency ("**ANM**"). Following the approval of the first PER, the Company negotiated the timing of a payment of BRL 2,500,000 to avepe, the original project owner previous to Nexa, during October 2023, in order to proceed with the next phase of the exploration program. As of March 31, 2024, BRL 1,5000,000 (CAD $405,000) was outstanding. The amount was settled subsequent to year-end on June 19, 2024.

**Pernambuco project**

During December 2021, the Company acquired certain mineral exploration rights from the Brazilian department of mines Agência Nacional de Mineração ("**ANM**") to conduct exploration work on the Pernambuco project in the State of Pernambuco, Brazil. Total consideration paid was BRL100,099 ($25,525). The Company has decided to discontinue its exploration activities with the Pernambuco project. As a result, the $25,525 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for the year ended March 31, 2023.

**Santa Angela project**

During December 2021, the Company acquired certain mineral exploration rights from the ANM to conduct mineral exploration work on the Santa Angela project in the State of Mato Grosso, Brazil. Total consideration paid for the exploration rights was BRL 551,099 ($140,530).

**Exploration and evaluation expenditures**

| **For the six months ended,** | **September 30, 2024** | **September 30, 2023** |
|---|---|---|
| Drilling program | $ 595,159 | $ - |
| Consulting - Geologists | 502,242 | - |
| Studies | 639,821 | - |
| Government fees | 87,589 | - |
| Equipment and supplies | 84,519 | 8,388 |
| **Total exploration and evaluation expenditures** | **$ 1,909,330** | **$ 8,388** |

The Company completed the Tiros drilling program during September 2024. The program was undertaken during 2023 and 2024. The program produced core samples that are being used to undertake a number of studies required to advance the Tiros project.

- On July 17, 2024, Resouro published its JORC report which highlighted the Maiden Resource Estimate for the Tiros Project.
- On August 13, 2024, the Company announced the results of its first phase of the metallurgical study designed to determine which extraction and recovery method is best suited to the Company's Rare Earth and Titanium deposit.
- During September the Company began the Preliminary Economic Assessment**.**
- During September the Company engaged environmental and social consultants to complete the Environmental Assessment.

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## 7. SUSTAINABILITY AND CLIMATE

During June 2024, ISSB published the Sustainability Policy, IFRS S1 and the Climate Policy, IFRS S2. Both policies will become effective January 1, 2025. These policies outline general requirements for the disclosure of climate and sustainability-related financial information to meet the needs of investors and stakeholders. It ensures companies provide relevant, reliable, and comparable information about the sustainability risks and opportunities that impact their enterprise value. The financial disclosure for implementing IFRS S1 and IFRS S2 must include a comprehensive understanding of its financial impact on the company's operations, systems, and reporting procedures.

Resouro engaged an external advisor prior to the ISSB publication of the IFRS standards. Digbee will provide us with an independent assessment of our Environmental, Social, and Governance ("**ESG**") policies and management practices at both the corporate and project level. Digbee hosts a specialized data and research platform focused on providing ESG solutions tailored to the mining sector. It offers Resouro insights into sustainability performance, and assists in addressing our ESG related risks and opportunities.

As of September 30, 2024, the Company has incurred $22,968 in fees related to the Digbee services.

## 8. RIGHT-OF-USE ASSETS

On October 1, 2023, the Company entered into a lease to rent office space in Australia for a term of twenty-one months. As a result, $48,578 was added to the right-of-use asset and the associated liability for payments. A discount rate of 14.5% was used to determine the present value of the lease obligations. During the six months ended September 30, 2024, cash payments of $10,808 were paid, $1,530 of accretion and $9,678 of depreciation were recognized.

| | |
|---|---|
| Opening balance - March 31, 2024 | $ 36,740 |
| Additions | - |
| Accumulated depreciation | (14,414) |
| Foreign exchange impact | - |
| Closing balance - September 30, 2024 | $ 22,326 |

## 9. LEASE OBLIGATION

The Company's lease obligations at March 31, 2024 relate to the office lease in Australia. A discount rate of 14.5% was used to determine the present value of the lease obligations.

| | |
|---|---|
| Opening balance - March 31, 2024 | $ 35,208 |
| Additions | - |
| Repayments | (16,314) |
| Foreign exchange impact | - |
| Accretion | 2,160 |
| Closing balance - September 30, 2024 | $ 21,054 |

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2024 | March 31, 2024 |
|---|---|---|
| Trade and other payables | $ 265,319 | $ 246,200 |
| Accrued liabilities | 10,491 | 67,768 |
| | $ 275,810 | $ 938,708 |

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## 11. SHARE CAPITAL

### Authorized

As at the date of this report, the authorized share capital of the Company was an unlimited number of common shares without par value.

| | Ref | *Number* [1] | | Value |
|---|---|---|---|---|
| Balance at March 31, 2023 [2] | | *43,974,956* | $ | 5,770,329 |
| Shares issued, May 10, 2023 | (i) | *2,753,333* | | 413,000 |
| Share issue costs, May 10, 2023 | (i) | - | | (5,292) |
| Shares issued, July 11, 2023 | (ii) | 14,133,333 | | 2,120,000 |
| Share issue costs - agent shares issued, July 11, 2023 | (ii) | - | | (120,000) |
| Share issue costs - agent warrants issued, July 11, 2023 | (ii) | - | | (104,567) |
| Share issue costs, July 11, 2023 | (ii) | - | | (11,529) |
| Shares issued, August 29, 2023 | (iii) | 10,107,142 | | 2,830,000 |
| Share issue costs, August 29, 2023 | (iii) | - | | (186,191) |
| Shares issued, March 19, 2024 | (v) | 1,642,000 | | 870,260 |
| Shares issued, March 25, 2024 | (iv) | 3,571,428 | | 1,500,000 |
| Shares issue costs, March 25, 2024 | (iv) | - | | (90,368) |
| **Balance at March 31, 2024** | | *76,182,192* | $ | 12,985,642 |
| Shares issued, June 14, 2024 | (vi) | 16,000,000 | | 7,300,420 |
| Shares issue costs, June 14, 2024 | (vi) | - | | (933,772) |
| Stock options exercised, April 26, 2024 | (vii) | 150,000 | | 50,915 |
| **Balance at September 30, 2024** | | ***92,332,192*** | **$** | **19,403,205** |

[1] *An Officer and Director of the Company owned 20% of the outstanding common shares as of September 30, 2024.*
[2] *As of September 30, 2024 there are 13,037,949 shares held in escrow.*

### Issued

(i) On May 10, 2023, the Company closed a private placement in which 2,753,333 common shares were issued at a price of $0.15 per common share for cash consideration of $413,000. The Company paid $5,292 in finders' fees.

(ii) On July 11, 2023, the Company closed a private placement in which 13,333,333 common shares were issued at a price of $0.15 per common share for cash consideration of $2,000,000. The Company issued an additional 800,000 common shares valued at $120,000 to a broker as a finders' fee. The Company issued 600,616 warrants to a broker as a finders' fee with an exercise price of $0.20. The warrants expire on July 11, 2026. The Company paid an additional $11,529 in cash finders' fees.

(iii) On August 29, 2023, the Company closed a private placement in which 10,107,142 common shares were issued at a price of $0.28 per common share for cash consideration of $2,830,000. The Company paid $186,191 in finders' fees.

(iv) On March 19, 2024, the Company issued 1,642,000 common shares to RBM as compensation for transfer of RBM's control over TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. A fair value of $870,260 was assigned to the shares.

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**11. SHARE CAPITAL (*Continued*)**

(v) On March 25, 2024, the Company issued 3,571,428 common shares at a price of $0.42 per common share for cash consideration of $1,500,000. The Company paid $90,368 in share issue costs of which $63,000 were finders' fees.

(vi) On June 14, 2024, the Company successfully completed a dual listing on the Australian Securities Exchange ("**ASX**"). Concurrent to the ASX listing the Company closed a private placement in Australia, which was considered an Initial Public Offering ("IPO") on the ASX ("**ASX offer**").

The Company successfully closed the ASX offer on June 12, 2024, in which 16,000,000 CHESS Depository Interests ("**CDI**") over common shares were issued at a price of AUD$0.50 (CAD$0.46). Cash consideration of AUD$8,000,000 (CAD $7,300,420) was received and $933,772 of share issue costs were recognized. The CDIs are subject to a 4 month plus 1 day hold period.

Taylor Collison Limited, an Australian broker, acted as the Lead Manager for the ASX Offer. As compensation for its services, the Lead Manager was paid a broker fee of AUD$440,000 (CAD$402,600) which was equal to 5.5% of the aggregate gross proceeds of the Offer and was issued 1,843,643 broker options in the Company at an exercise price of CAD$0.68, vesting immediately, and expiring three years from the date of issue. The fair value assigned for the stock options was $428,094. The broker options are subject to a 24-month escrow period.

Under ASX listing regulations, the following equity is subject to a 24-month escrow period. These equity instruments will be released from escrow on June 14, 2026:

| Holder | Equity | Number | Issue date | Remaining life | Escrow release |
|---|---|---|---|---|---|
| Resmin | Options | 4,000,000 | March 11, 2024 | 5.0 | June 14, 2026 |
| Resmin | Options | 750,000 | October 11, 2023 | 4.5 | June 14, 2026 |
| Directors | Options | 750,000 | October 11, 2023 | 4.5 | June 14, 2026 |
| RBM | Shares | 1,642,000 | March 11, 2024 | N/A | June 14, 2026 |
| RBM | Performance rights | 750,000 | October 15, 2023 | 4.5 | June 14, 2026 |
| Taylor Collison | Options | 1,843,643 | June 4, 2024 | 5.0 | June 14, 2026 |

(vii) On April 26, 2024, 150,000 stock options were exercised. The options were valued at $50,915 which is comprised of $26,250 cash and $24,665 of the Black-Scholes value re-classified from contributed surplus to share capital

**Escrow Shares**

Under the terms of the RTO, the Company issued the following shares:

- The pre-RTO shareholders were deemed to have been issued 7,031,079 common shares with a fair market value of $2,091,371.
- The Company issued 29,655,750 common shares as consideration to the ISON shareholders with a value of $1,670,388. Of the 29,655,750 common shares issued, 26,671,273 were subject to escrow and will be released on a timed-release basis.

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## 11. SHARE CAPITAL (*Continued*)

As of September 30, 2024, there remain 12,400,449 common shares held under a Surplus Escrow Agreement:

| | Percentage of Total Escrowed Securities Released | Total Number of Escrowed Securities Released |
|---|---|---|
| Release Dates | | |
| May 13, 2022 | 5% | 1,127,314 |
| November 13, 2022 | 5% | 1,127,314 |
| May 13, 2023 | 10% | 2,254,627 |
| November 13, 2023 | 10% | 2,254,627 |
| May 13, 2024 | 15% | 3,381,942 |
| November 13, 2024 | 15% | 3,381,942 |
| May 13, 2025 | 40% | 9,018,507 |
| Total | 100% | 24,546,273 |

As of September 30, 2024, there remain 637,500 common shares held in escrow under a Value Escrow Agreement:

| | Percentage of Total Escrowed Securities Released | Total Number of Escrowed Securities Released |
|---|---|---|
| Release Dates | | |
| May 16, 2022 | 10% | 212,500 |
| November 16, 2022 | 15% | 318,750 |
| May 16, 2026 | 15% | 318,750 |
| November 16, 2023 | 15% | 318,750 |
| May 16, 2024 | 15% | 318,750 |
| November 16, 2024 | 15% | 318,750 |
| May 13, 2025 | 15% | 318,750 |
| Total | 100% | 2,125,000 |

**Reserve for warrants**

On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of $0.35 per unit for gross proceeds of $2,550,844 concurrent to the RTO. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.50 per share for 24 months from the date of issuance with an expiry date of May 15, 2024, subject to an acceleration clause. The fair value of the warrants was recognized upon issuance, to reserve for warrants, where they remained until expiration or exercise. There were 3,644,062 warrants issued. A fair value of $359,707 was assigned to the warrants, using the Black-Scholes option pricing model, and the following assumptions: expected dividend yield of 0%; risk-free interest rate of 2.6% and a volatility of 89%. The warrants expired on May 15, 2024, unexercised.

On July 11, 2023, the Company issued 600,616 common share purchase warrants to a broker as a finders' fee. A fair value of $104,567 was assigned to the warrants, using the Black-Scholes option pricing model and the following assumptions: expected dividend yield of 0%; risk-free interest rate of 4.13%; volatility of 105% and an expected life of 36 months.

In consideration of RBM accelerating the earn-in provision of the Tiros Agreement RBM will receive 750,000 performance rights of Resouro that will be convertible into common shares upon completion of the Definitive Feasibility Study by Resouro. The performance rights are considered to have no value at this time because management is not expecting the performance condition associated with those rights to be met prior to the 5-year expiry date. The performance rights will be subject to the applicable hold periods under TSXV policies and Canadian securities laws.

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## 11. SHARE CAPITAL (*Continued*)

### Stock options

On January 18, 2024, the Company announced the results of the Annual General Meeting ("**AGM**") which included the approval of an amended stock option plan. The amended stock option plan allows the Company to issue up to 14,193,752 stock options which represents 20% of the issued and outstanding common shares as of December 15, 2023.

| Date | Number of Options | SBC Expense | Tiros fair value adjustment | Number Vested | Remaining life | Escrow release date |
|---|---|---|---|---|---|---|
| Issued: June 13, 2023 | 4,560,000 | $699,835 | - | 2,906,667 | 3.7 | - |
| Issued: October 11, 2023 (1) | 2,250,000 | 800,040 | - | 2,250,000 | 4.0 | June 14, 2026 |
| Issued: March 11, 2024 (2) | 4,000,000 | - | 1,456,400 | 4,000,000 | 4.4 | June 14, 2026 |
| Exercised: April 26, 2024 | (150,000) | - | - | - | - | - |
| Expired: April 30, 2024 | (50,000) | - | - | - | - | - |
| Total | 10,610,000 | $1,499,875 | $1,456,400 | 9,156,667 | 4.0 | |

*(1) 1,500,000 options are held in escrow.*
*(2) 4,000,000 options are held in escrow.*

i) On June 13, 2023, the company issued 4,560,000 common share purchase options to directors and officers of the Company. The options were exercisable at a price of $0.175 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was $789,732, which will be expensed over the next 24 months. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.18%; volatility of 112%, and an expected life of 5 years. The options vest over a 24-month period following issuance with the exception of the options issued to a consulting firm, which vest over a 12-month period.

ii) On October 11, 2023, the company issued 2,250,000 common share purchase options to directors and officers of the Company. The options were exercisable at a price of $0.50 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was $800,040 and were expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 4.33%; volatility of 112%, and an expected life of 5 years. The options vested immediately following issuance and expire on October 11, 2028.

iii) On March 11, 2024, 4,000,000 stock options were issued to Resmin as compensation for its 33.3% ownership of TSPS. Upon TSXV approval the compensation was issued to close the acquisition. The options are exercisable at a price of $0.20 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was $1,456,400 and was expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.87%; volatility of 75%, and an expected life of 3 years. The options vested immediately following issuance. The value of the options form part of the value of the Tiros exploration assets recognized on the balance sheet. The options expire on March 11, 2029.

iv) On April 26, 2024, 150,000 stock options were exercised. The options were valued at $50,915 which is comprised of $26,250 cash and $24,665 of the Black-Scholes value re-classified from contributed surplus to share capital.

v) On April 30, 2024, 50,000 stock options expired.

For the six months ended September 30, 2024, a share-based compensation expense of $113,900 (September 30, 2023 $384,029) has been recognized in the condensed interim consolidated statement of loss and other comprehensive loss.

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## 12. NON-CONTROLLING INTEREST

As of March 11, 2024, which marked the close of the Tiros acquisition, Resouro owned 90% and RBM owned 10% of the outstanding shares of TMEL.

| | **RBM NCI Ownership** |
|---|---|
| Tiros Minerais Estrategicos Mineracao Ltda (“**TMEL**”) | 10% |
| | **TMEL Financials as of September 30, 2024** |
| Net loss | $(1,547,073) |
| **Net loss attributable to non-controlling interest** | **(154,707)** |
| Current assets | 1,238,888 |
| Non-current assets | 188,715 |
| Current liabilities | (161,226) |
| **Net assets** | **1,266,377** |

| | **RBM NCI Ownership** |
|---|---|
| Tiros Minerais Estrategicos Mineracao Ltda (“**TMEL**”) | 10% |
| | **TMEL Financials as of March 31, 2024** |
| Net loss | $(53,141) |
| **Net loss attributable to non-controlling interest** | **(4,680)** |
| Current assets | 43,259 |
| Non-current assets | 170,553 |
| Current liabilities | (282,588) |
| **Net assets** | **(68,776)** |

## 13. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors and officers. The aggregate value of transactions related to key management personnel are as follows:

| Six months ended, | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Officers | $270,306 | $105,000 |
| Directors | 497,975 | 78,506 |
| Total compensation | $768,281 | $183,506 |

As of September 30, 2024, $88,480 was due to Officers and Directors for consulting fees and reimbursable expenses (March 31, 2024 - $98,685).

As of September 30, 2023, a loan valued at $259,420 was due to an Officer of the Company. During the six months ended September 30, 2023, nil was repaid. The loan amount was unsecured, non-interest bearing and repayable on demand and convertible into common shares after one year. The loan was repaid during the year ended March 31, 2024, therefore, no amounts were due as of September 30, 2024.

## 13. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

As of September 30, 2023, a related party owed the Company $642,859. The party was considered a related party by virtue of the fact that Resouro's CEO owned 33.3% of the outstanding shares. As of March 11, 2024, the Company purchased the related party: the Tiros acquisition (Note 6). Amounts owed at the time of the purchase were included in the fair value of the total consideration paid as the identified liabilities assumed. Therefore, as of September 30, 2024, there were no amounts due to the related party as a result of the Tiros acquisition.

## 14. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company classified its financial instruments as follows:

| | September 30, 2024 | March 31, 2024 |
|---|---|---|
| Financial assets - amortized cost: | | |
| Cash | $ 4,318,843 | $ 1,921,272 |
| Interest receivable | 20,000 | - |
| Accounts receivable | 8,088 | 29,193 |
| *Financial liabilities - amortized cost:* | | |
| Accounts payable and accruals | 275,810 | 938,708 |
| Due to related party | 88,480 | 98,685 |

**Fair value**

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party approximate their fair value because of the short-term nature of these instruments.

**Capital risk management**

Capital is comprised of the Company's components of shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not subject to any capital restrictions and did not change its approach to capital management during the most recent period.

**Credit risk**

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, and accounts receivable. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.



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## 14. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (*Continued*)

### 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 in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company relies on the issuance of shares and warrants and loans from an officer of the Company in order to fund exploration programs.

### Currency risk

The Company and its subsidiaries have identified its functional currency as the Canadian dollar. Certain administrative and exploration expenditures have been paid in the EURO, the United States dollar, the Australian dollar and the Brazilian Real. The Company's exposure to foreign currency risk arises primarily on fluctuations in value between the Canadian dollar and those currencies. The Company does not have any derivative instruments in place to manage fluctuations in foreign exchange values. Management believes the foreign exchange risk related to currency conversion is minimal.

### Interest rate risk

As the Company's interest-bearing assets and liabilities are not subject to significant interest rates, the Company's income and operating cash flows are not significantly affected by changes in the market interest rates.

## 15. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: the acquisition and exploration of mineral properties in Brazil.

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**Resouro Strategic Metals Inc.**
***(formerly Resouro Gold Inc.)***

# MANAGEMENT'S DISCUSSION & ANALYSIS
**Six months ended September 30, 2024**
**(Reported in Canadian Dollars)**

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## *General*

This Management's Discussion and Analysis ("**MD&A**") provides a review of the operational performance of Resouro Strategic Metals Inc. ("**Resouro**", or the "**Company**"). The report was prepared in accordance with the requirements of National Instrument 51-102, Continuous Disclosure Obligations, and it should be read in conjunction with the condensed interim consolidated financial statements for the six months ended September 30, 2024 (the "**Financial Statements**"). The Financial Statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All dollar amounts are reported in Canadian dollars ("**CAD**") unless otherwise stated. This document is dated November 12, 2024.

The Board of Directors of the Company have reviewed and approved the information contained in this MD&A and the Financial Statements.

Readers are cautioned that this MD&A contains certain forward-looking statements. Please see the section concerning "Forward Looking Statements" below.

Additional information relating to the Company can be found on the Canadian System for Electronic Document Analysis and Retrieval ("**SedarPlus**") at www.sedarplus.ca. The Company is listed on the Australian Securities Exchange ("**ASX**") under the symbol "RAU", the TSX Venture Exchange ("**TSXV**") under the symbol "RSM", the Over the Counter pink sheet US exchange ("**OTC**") under the symbol "RSGOF" and on the Frankfurt Stock Exchange ("**FSE**") under the symbol "8TX".

Additional information relevant to the Company's activities can be found on the Company's website at www.resouro.com.

## *Corporate Mandate*

Resouro is a mineral exploration and development company focused on the discovery and advancement of economic mineral projects in Brazil, including the Tiros Titanium and Rare Earth Elements Project ("**Tiros Project**") in Minas Gerais and the Novo Mundo Gold Project in Mato Grosso.

## *Forward Looking Statements*

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law and regulations.

## *Going Concern*

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplate the realization of assets and the discharge of liabilities in the ordinary course of business. As of the date of this report, the Company had recurring net losses and negative cash flows from operations. In addition, the Company has future spending commitments with the Government of Brazil to keep its exploration concessions in good standing.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these condensed interim consolidated financial statements, the Company has not achieved profitable operations and has accumulated losses since inception. The Company had a working capital surplus of $3,989,072 (March 31, 2024 $900,874) and an accumulated deficit attributable to shareholders of $13,506,783 (March 31, 2024 $9,805,476) for the six months ended September 30, 2024. The Company has incurred a loss from operations of $3,856,014 for the six months ended September 30, 2024 (September 30, 2023 $1,216,447).

These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management estimates that the Company currently has adequate capital to operate for the coming year.

Title to exploration and evaluation assets involve certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of exploration and evaluation assets. The Company has investigated title to all of its exploration and valuation assets, and, to the best of its knowledge, title to all of its properties are properly registered and in good standing. However, there can be no guarantee that title to exploration and evaluation assets are not subject to prior claims, agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Brazil.

## *Corporate Name History*

Effective October 17, 2023, the Company changed its name from Resouro Gold Inc. to Resouro Strategic Metals Inc. ("**Resouro**").

## *Corporate Structure*

The Company was incorporated on August 4, 1992 in the province of British Columbia, Canada. The Company's registered office is Suite 250 – 997 Seymour Street, Vancouver, British Columbia, Canada. ISON Mining Pte Ltd ("**ISON**") is 100% owned by Resouro. ISON is incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of ISON do Brasil Mineração Ltda ("**ISON do Brasil**"), a company incorporated under the laws of Brazil. The Novo Mundo project titles and rights belong ISON do Brazil and the Santa Angela project title and rights are under assignment and transfer to ISON do Brazil. Tiros Stratmet Pte Ltd ("**TSPS**") is 100% owned by Resouro. TSPS is incorporated under the laws of Singapore and owns 90% of the outstanding shares of Tiros Minerais Estrategicos Mineração Ltda ("**TMEL**"), a company incorporated under the laws of Brazil. RBM Consultoria Mineral Eirlei ("**RBM**") holds a 10% free-carry, non-controlling interest in TMEL. The Tiros project is 90% owned by TMEL.

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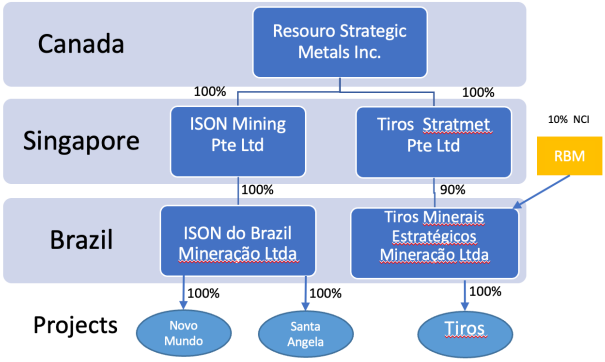


## *Corporate Highlights*

**Tiros Acquisition**

On March 11, 2024, approval was received from the TSXV to close the Tiros acquisition. The Tiros acquisition included the following transactions:

1. Resouro acquired 100% of the outstanding shares of TSPS whose 90% owned subsidiary, TMEL, holds the titles that comprise the Tiros project assets.
2. Resouro paid the following consideration for the acquisition:
    a. 1,642,000 common shares of Resouro were issued to RBM for the acquisition of RBM's control over TSPS.
    b. 750,000 performance rights were issued to RBM for the acquisition of RBM's control over TSPS. The rights give RBM the right to convert to common shares if the Definitive Feasibility Study ("**DFS**") is completed within 5 years from the date of issue.
    c. 4,000,000 stock options were issued to Resmin for the acquisition of Resmin's 33.3% ownership in TSPS. The stock options may be exercised at a price of $0.20 and will expire on March 11, 2029.

In exchange for the consideration paid, the Company now holds the rights to the Tiros project assets which are currently being explored for titanium and rare earth elements. All consideration paid is subject to a 2-year escrow required by the ASX listing that went into effect on June 14, 2024.

**Listing on Australian Securities Exchange and Concurrent Private Placement**

On June 14, 2024, the Company successfully completed a dual listing on the ASX. Concurrent to the ASX listing the Company closed a private placement which was considered an Initial Public Offering ("**IPO**") on the ASX ("**ASX offer**").

The Company successfully closed the ASX offer on June 12, 2024 in which 16,000,000 CHESS Depository Interests ("**CDI**") over common shares were issued at a price of AUD$0.50 (CAD$0.46). Cash consideration of AUD$8,000,000 (CAD $7,300,718) was received.

Taylor Collison Limited, an Australian broker, acted as the Lead Manager for the ASX Offer. As compensation for its services, the Lead Manager was paid a broker fee of AUD$440,000 (CAD$402,600) which was equal to 5.5% of the aggregate gross proceeds of the Offer and was issued 1,843,643 stock options in the Company at an exercise price of CAD$0.68, vesting immediately, and expiring three years from the date of issue.

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Under ASX listing regulations, the following equity is subject to a 24-month escrow period:

| Holder | Equity | Number | Issue Date | Remaining Life | Escrow Release |
|---|---|---|---|---|---|
| Resmin | Options | 4,000,000 | March 11, 2024 | 5.0 | June 14, 2026 |
| Resmin | Options | 750,000 | October 11, 2023 | 4.5 | June 14, 2026 |
| Directors | Options | 750,000 | October 11, 2023 | 4.5 | June 14, 2026 |
| RBM | Shares | 1,642,000 | March 11, 2024 | N/A | June 14, 2026 |
| RBM | Performance rights | 750,000 | October 15, 2023 | 4.5 | June 14, 2026 |
| Taylor Collison | Options | 1,843,643 | June 4, 2024 | 5.0 | June 14, 2026 |

**Issuance of Shares**

1. On May 10, 2023, the Company closed a private placement in which 2,753,333 common shares were issued at a price of $0.15 per common share for cash consideration of $413,000. The Company paid $5,292 in finders' fees.

2. On July 11, 2023, the Company closed a private placement in which 13,333,333 common shares were issued at a price of $0.15 per common share for cash consideration of $2,000,000. Finders' fees consist of the following:

   (i) An additional 800,000 common shares issued at a price of $0.15 per common share; and
   (ii) 600,616 warrants to purchase common shares at an exercise price of $0.20 per common share with an expiry date of July 11, 2026 were issued as broker compensation; and
   (iii) Cash finders' fees of $11,529.

3. On August 29, 2023, the Company closed a private placement in which 10,107,142 common shares were issued at a price of $0.28 per common share for cash consideration of $2,830,000. The Company paid $186,191 in finders' fees.

4. On March 19, 2024, the Company issued 1,642,000 common shares to RBM as compensation for transfer of RBM's control over TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. A fair value of $870,260 was assigned to the shares. Further to the June 14, 2024 listing on the ASX, the 1,642,000 shares issued to RBM are subject to a 24-month escrow, ending June 14, 2026

5. On March 25, 2024, the Company closed a private placement in which 3,571,428 common shares were issued at a price of $0.42 per common share for cash consideration of $1,500,000. The Company paid $90,368 in share issue costs of which $63,000 were finders' fees.

6. On June 14, 2024, the Company successfully completed a dual listing on the ASX. Concurrent to the ASX listing the Company closed a private placement in Australia, which was considered an Initial Public Offering ("IPO") on the ASX ("ASX offer").

   The Company successfully closed the ASX offer on June 12, 2024, in which 16,000,000 CHESS Depository Interests ("**CDI**") over common shares were issued at a price of AUD$0.50 (CAD$0.46). Cash consideration of AUD$8,000,000 (CAD $7,300,420) was received. The CDIs are subject to a 4 month plus 1 day hold period.

   Taylor Collison Limited, an Australian broker, acted as the Lead Manager for the ASX Offer. As compensation for its services, the Lead Manager was paid a broker fee of AUD$440,000 (CAD$402,600) which was equal to 5.5% of the aggregate gross proceeds of the Offer and was issued 1,843,643 broker options in the Company at an exercise price of CAD$0.68, vesting immediately, and expiring three years from the date of issue. The fair value assigned for the stock options was $428,094. The broker options are subject to a 24-month escrow period.



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7. On April 26, 2024, 150,000 stock options were exercised. The options were valued at $50,915 which is comprised of $26,250 cash and $24,665 of the Black-Scholes value re-classified from contributed surplus to share capital

**Issuance of Stock Options**

1. On June 13, 2023, the Company issued 4,560,000 stock options to directors, officers and a consulting firm with an exercise price of $0.175 and a 5-year expiry period, pursuant to the Company's stock option plan. The options vest over a 24-month period. During April 2024, 150,000 options were exercised, and 50,000 options expired. Therefore, 4,360,000 stock options remain outstanding.

2. On October 11, 2023, the Company issued 2,250,000 stock options to directors, officers and a consulting firm with an exercise price of $0.50 with a 5-year expiry period, pursuant to the Company's stock option plan. The options vested immediately. Further to the June 14, 2024 listing on the ASX, the 1,500,000 options issued to Directors are subject to a 24-month escrow, ending June 14, 2026.

3. On March 11, 2024, 4,000,000 stock options were issued to Resmin as compensation for its 33.3% ownership of TSPS. The options are exercisable at a price of $0.20 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was $1,456,400 and was expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.87%; volatility of 75%, and an expected life of 3 years. The options vested immediately following issuance. The value of the options form part of the value of the Tiros exploration assets recognized on the balance sheet. The options are subject to a 24-month escrow, ending June 14, 2026. The options expire on March 11, 2029.

**Reverse Acquisition**

On September 23, 2021, the Company and its shareholders entered into a share purchase agreement (the "**Share Purchase Agreement**") with ISON Mining Pte Ltd. pursuant to which the Company purchased from the ISON's shareholders all of the issued and outstanding shares of ISON, which constituted an arm's length reverse take-over ("**RTO**") transaction for the Company. The Share Purchase Agreement is available for review under the Company's profile on SEDAR at www.sedar.com. Under the Share Purchase Agreement, the Company completed the RTO on May 15, 2022 by acquiring all of the outstanding shares of ISON in exchange for the issuance of an aggregate of 29,655,750 common shares of the Company to the shareholders of ISON.

As a condition to the completion of the RTO, the Company completed a share consolidation on the basis of 1 new common share for each 2 old common shares (the "**Share Consolidation**"). The Share Consolidation was completed immediately prior to the completion of acquisition of the shares of ISON. After completing the Share Consolidation, the Company had 7,031,079 common shares issued and outstanding with a value of $2,091,371.

Under the terms of the Share Purchase Agreement, the Company completed a non-brokered private placement (the "**Concurrent Financing**") of 7,288,127 units at a price of $0.35 per unit (post-Share Consolidation) for gross proceeds of $2,550,844. The Concurrent Financing was completed concurrently with or immediately prior to the closing of the RTO. Each unit consisted of one common share and one-half of one warrant. Each whole warrant was exercisable to acquire one common share at an exercise price of $0.50 until May 15, 2024 (subject to an acceleration clause). A value of $383,257 was assigned to the warrants using the Black-Scholes model calculation. In addition, $23,550 of share issue costs were assigned to warrants for a net warrant value of $359,707. Total share issue costs of $182,567 were incurred. As of May 15, 2024, the warrants expired, unexercised.

On May 15, 2022, at the close of the RTO, the Company had 43,974,956 common shares outstanding valued at $5,770,329. Of these outstanding common shares, 26,671,273 common shares were subject to escrow of which 13,037,949 remain in escrow, as of the date of this report.



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## *Exploration Projects*

**PROPERTY I - Tiros Titanium ("TiO2") and Rare Earth Elements ("REE") Project**

The Tiros project, located in the Alto Paranaíba region, Minas Gerais, Brazil. Tiros is comprised of 29 mineral licenses totaling approximately 497 square kilometers ("**km²**") located 350 km from Belo Horizonte, the state capital which is located in one of the most infrastructurally developed states of Brazil. The Tiros licenses cover the most prospective portions of the Capacete formation with the greatest exploration potential.

The Tiros project is located near a town called Tiros. The town has established infrastructure and amenities to support mineral exploration and is within proximity of major federal highways, high voltage power lines and major rail infrastructure. The Tiros project is accessible from paved roads with the exception of landholder entry ways that are used to access their agricultural lands and the exploration sites.

The Tiros project was owned by RBM. On July 31, 2023, Resouro entered into the Tiros Agreement followed by the First Addendum agreement signed on October 19, 2023 to acquire a 90% interest in the Tiros project and the Second Addendum, which incorporated adjustments to the Agreement in order to comply with ASX listing rules. Resouro acquired 100% of the outstanding shares of TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project. RBM owns a 10% free-carry, non-controlling interest in TMEL.

**JORC Report Published with Maiden Resource Estimate**

On July 17, 2024 the Company published its JORC report for the Tiros project. Highlights of the report included the following:

- Maiden Resource Estimate ("**MRE**") for the Tiros Project of 1.7 billion tonnes (bn tonnes) at 3,900 parts per million ("**ppm**") Total Rare Earth oxide ("**TREO**"), 1,100 ppm Magnet Rare Earth Oxides ("**MREO**") and 12% Titanium Dioxide ("**$TiO_2$**") in all three resource categories.
- Of the 1.7 bn tonnes, the deposit contains a high-grade domain of 120,000,000 tonnes containing 9,000 ppm TREO, 2,400 ppm of MREO and 23% $TiO_2$.
- The combined Measured and Indicated resources represent 1,000,000,000 tonnes at 4,050 ppm TREO containing 1,120 ppm MREO and 12% $TiO_2$.
- The MRE places the Tiros Project as one of the largest undeveloped titanium and rare earth resource globally and in Brazil.

For full exploration results including relevant JORC table information, refer to the Company's ASX announcement of 18 July 2024 (TSXV 17 July 2024) on *Sedarplus.ca* or the Company's website Resouro.com.

***Table 1: JORC-compliant maiden MRE, Tiros Project, Brazil (1,000 ppm TREO cut-off)***

| DOMAIN | CAT | TONNES (t) | TiO2 (%) | TREO (ppm) | MREO (ppm) |
|---|---|---|---|---|---|
| HG (High Grade) | Inferred | 42,000,000 | 23 | 8,700 | 2,200 |
| | Indicated | 55,700,000 | 23 | 9,030 | 2,380 |
| | Measured | 20,800,000 | 24 | 9,320 | 2,530 |
| | **Sum** | **120,000,000** | **23** | **9,000** | **2,400** |
| MG (Medium Grade) | Inferred | 620,000,000 | 11 | 3,500 | 950 |
| | Indicated | 704,000,000 | 11 | 3,650 | 1,020 |
| | Measured | 224,000,000 | 11 | 3,570 | 997 |
| | **Sum** | **1,500,000,000** | **11** | **3,500** | **930** |
| | **Totals** | **1,700,000,000** | **12** | **3,900** | **1,100** |

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Methodology for deriving the MRE statistics:

- The MRE incorporates 4,766 metres ("**m**") of verification drilling including Diamond, Aircore and Auger across 102 drill holes including 20 historical drill holes.
- The maiden MRE is derived from the Central tenements of the Tiros Project, being ~7% of the tenements that comprise the total Tiros Project area.
- The majority of the resource is open laterally and found to be homogeneous in nature.
- Resource exists within Brazil's most advanced mining state (Minas Gerais) with developed infrastructure, existing access to road, rail and port, in a supportive community, and a favourable environmental region which will support the development of the Tiros Project.

The current maiden Mineral Resource Estimate at Tiros, applying a 1,000 ppm TREO cut-off, presents 1.7 bn tonnes @ 3,900 ppm TREO with 1,100 ppm MREO praseodymium, neodymium, terbium, dysprosium ("**Pr**, **Nd, Tb, Dy**"). The Indicated and Measured resources represent 1bn tonnes at 4,050 ppm TREO containing 1,120 ppm MREO and 12.0% TiO2 with a high grade ("**HG**") zone identified as summarised in Table 1, above, and shown in Figures 1 and 2. The grade-tonnage curves for the mineral resource estimate are shown on the graphs below:

***Figure 1 – Grade Tonnage Curve TREO ppm***

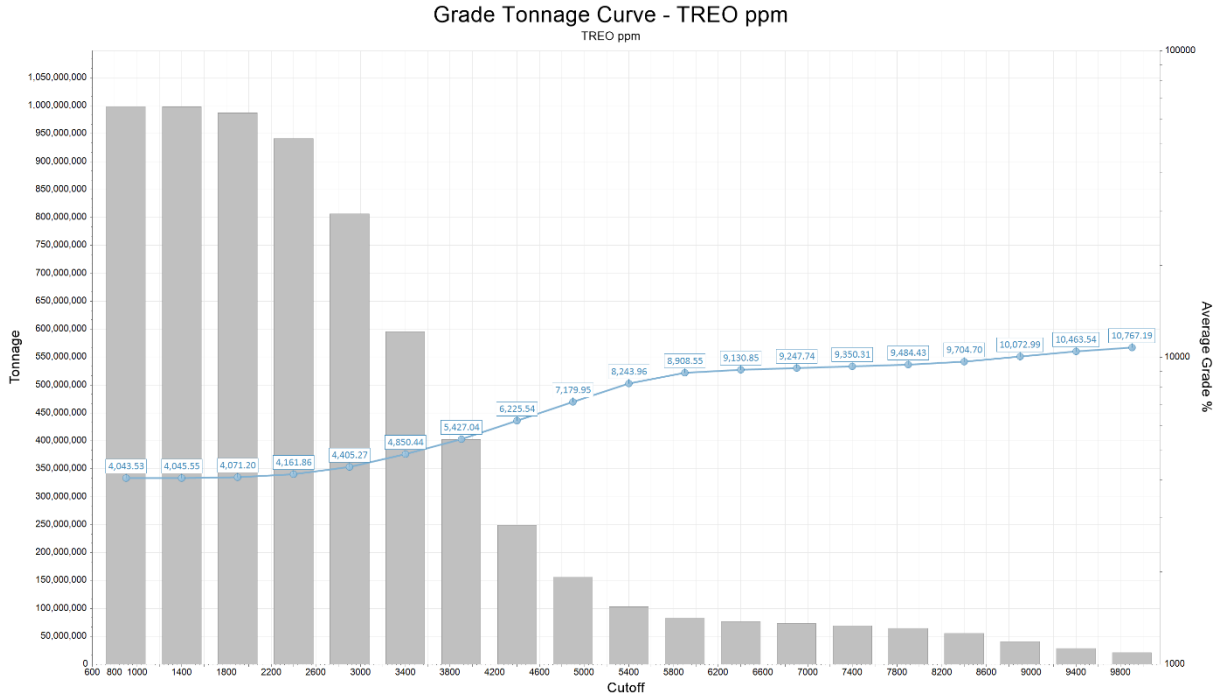

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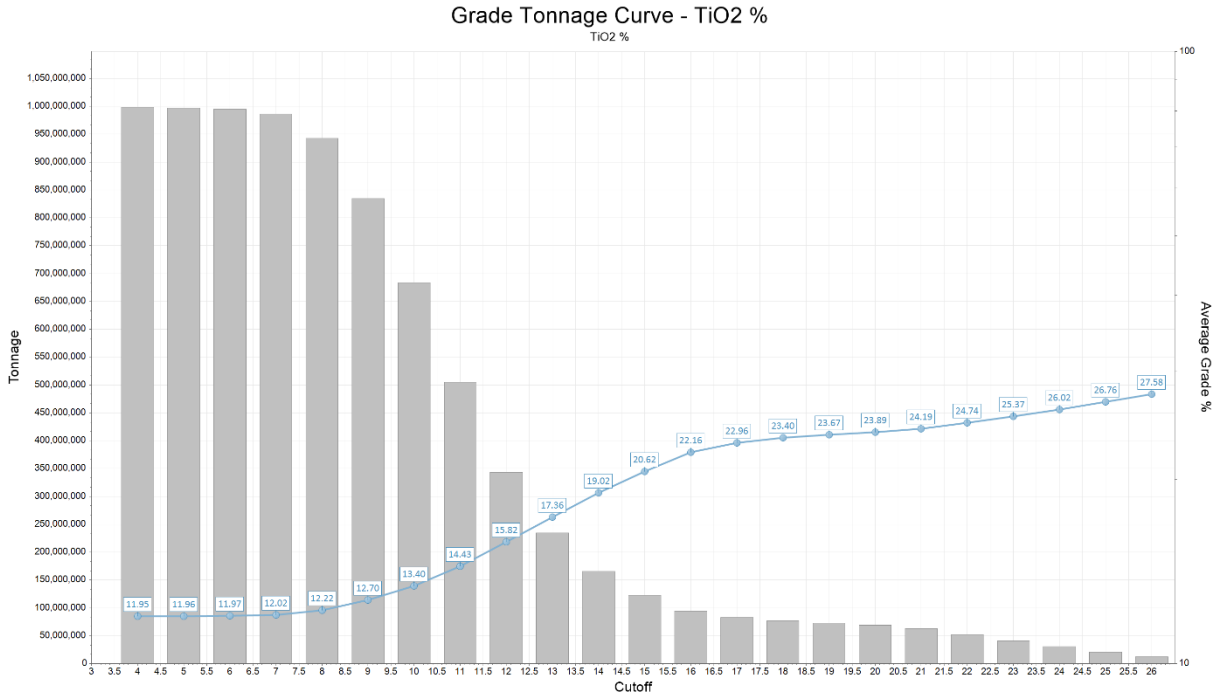
***Figure 2 – Grade Tonnage Curve TiO2 %***




Atticus Geoscience ("**Atticus**") has modelled the maiden MRE utilizing the results of 102 drill holes across the Tiros central tenements including 28 diamond drill holes, 29 Air Core holes, 25 Auger holes undertaken by Resouro during 2023 and 2024, plus one diamond drill hole and 19 Air Core historical drill holes undertaken by previous tenement owners (Vicenza and Iluka, 2011 and 2016). Atticus and Resouro have undertaken resource modelling by focusing on neighbouring comparable studies and operations within the region and Brazil and have provided a tonnage based on preliminary metallurgical work expected to have reasonable prospects for future economic extraction. A conservative assumption of 1,000 ppm TREO cut-off was applied to the resource estimation which delivered an MRE of 1.7 bn tonnes @ 3,900 ppm TREO (Measured, Indicated, Inferred) comprising of an outstanding 1,100 ppm MREO (Pr, Nd, Tb, Dy) and 12% TiO2. Notably, the MREO is the weighted average of Pr6O11, Nd2O3, Tb4O7 and Dy2O3 in this announcement.

The MRE was limited by the aerial topography covering 3,300 ha, which represents approximately 7% of the Resouro tenements that comprise the Project area. The MRE excludes neighbouring Resouro-owned tenements which indicate further potential for expansion.

On August 13, 2024 (August 12, 2024 TSXV), the Company announced the results of its first phase of the metallurgical study. The purpose of this phase of the metallurgical study was to achieve maximum extractions and recovery of Rare Earth and Titanium minerals, applying patented technology provided by its partner, The Altilium Group ("**Altilium**"). In addition, the results demonstrated that the acid used to achieve the extractions can be regenerated with minimal loss and zero waste.

Altilium assessed an approximately 50kg representative sample, covering five diamond drill holes of the Tiros JORC compliant resource in laboratory conditions and produced the following extraction results:

***Table 2: Metallurgical Extraction using 50kg of representative sample.***

| TEST | TREY | LREE | MREE | HREE |
|---|---|---|---|---|
| L3 | 80.8% | 81.6% | 96.2% | 74.8% |

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Altilium has marked the successful completion of its latest metallurgical testing phase, utilising its proprietary Ti/REE Process™ on a 50 kg composite sample provided by Resouro. This rigorous testing process, carried out at Core Resources Laboratories in Brisbane, involved air-drying and milling the sample to 0.5mm to analyze its chemical and mineral content. Three leach tests were conducted to understand the metal extractions, with the goal of generating a solution rich in rare earth elements ("REEs") and a residue enriched with titanium. Notably, the third test, which incorporated a pre-treatment process, achieved the highest rare earth extractions known in the industry to date, demonstrating the effectiveness of Altilium's innovative approach.

Three optimization sighter leach tests were conducted using nitric acid (HNO3) applying the Altilium Ti/REE Process™ at Core Resources Laboratories in Brisbane to generate Pregnant Leach Solution ("PLS") and residue. The samples were assayed for aluminium (Al), calcium (Ca), cobalt (Co), chromium (Cr), iron (Fe), gallium (Ga), magnesium (Mg), manganese (Mn), nickel (Ni), sulphur (S), scandium (Sc), silicon (Si), titanium (Ti), and rare earth elements (REEs).

The sighter leach test conditions were assessed as follows:

- L1 test involved leaching at the standard acid concentration used in the Altilium Ti/REE Process™.
- L2 test involved leaching at high concentration of acid.
- L3 test involved a pre leach heat treatment process and leaching at the standard acid concentration used in the Altilium Ti/REE Process™.

In all these tests, REE metal extractions, acid consumptions and residue compositions were measured with the summary of extraction of the REE noted below.

***Table 3: Metallurgical Extraction using 50kg of representative sample under the three test conditions.***

| TEST | TREY | LREE | MREE | HREE |
|---|---|---|---|---|
| L1 | 69.3% | 69.3% | 72.5% | 73.8% |
| L2 | 59.8% | 59.8% | 63.8% | 62.5% |
| L3 | 80.8% | 81.6% | **96.2%** | 74.8% |

Notably, the titanium dioxide ("TiO2") contained in the sample reported between 2.5 – 4.5% in the PLS with the remaining pleasingly not reporting to the PLS indicating a strong possibility of TiO2 recovery by traditional metallurgical recovery methods from the residue.

The representative samples were taken from the Tiros central project area over four tenements which are the subject of the recent maiden JORC MRE announcement by Resouro dated July 18th, 2024.

Building on these promising results, Altilium is now focused on the next phase of development, which involves designing and executing a laboratory-scale test programme to establish the Altilium Ti/REE Process™ flowsheet. The company aims to optimise the process parameters to improve the grades and extraction efficiency of target metals, including titanium, silica, REEs, scandium, iron, and aluminium.

On September 9, 2024 the Company entered into a binding agreement to acquire 3 additional tenements in the Tiros project area. The tenements complement the existing holdings by extending the mineral rights held in the North to the Southern holdings. The 3 tenements, totaling 4,744 ha, are contiguous with the Sao Gotardo block of the Tiros project and intersect the Capacete Formation associated with the project.

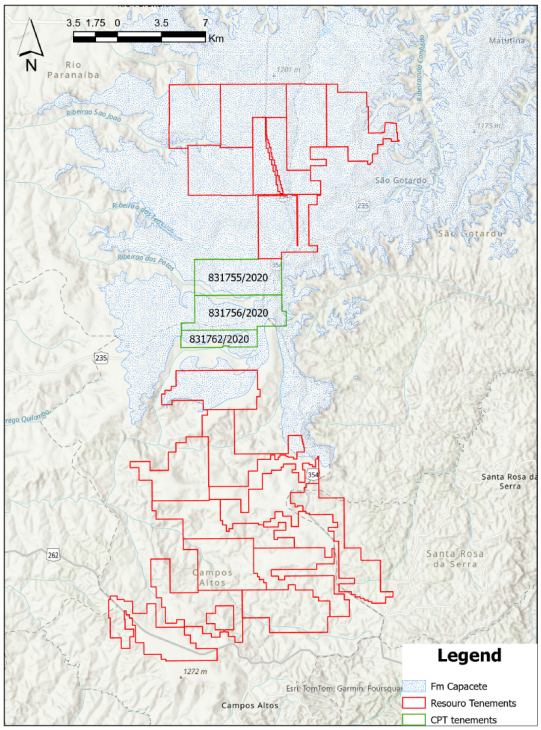
Consideration paid includes the following staged transactions:

a. Initial payment $50,000 and 142,857 common shares of Resouro.
b. Milestone 1: Resouro will drill 6 holes on the tenements whereby at least 3 holes show a minimum of 20 continuous meters of intercepts with over 2,000 ppm of TREO, within 2 years of the purchase date. If drilling is not completed within 2 years, then payment is due at September 9, 2026.
   Payment: $50,000 and 142,857 common shares of Resouro.

c. Milestone 2: Resouro completes sufficient work to issue a JORC compliant report with an inferred Resouro of 100 million tonnes of at least 2,000 ppm TREO within 3 years of the purchase date. Payment:$50,000 and common shares based on the 20-day Volume Weighted Average Price ("**VWAP**") of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of $0.24.
d. Milestone 3: Up to one year after the milestone 2 payment is made the final payment is due. Payment: $100,000 and common shares based on the 20-day VWAP of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of $0.24.

The Company considers this consolidation of tenements in the highly prospective Capacete Formation a strategic acquisition to complement the current land holdings in the Tiros area.

**Figure 3 – Acquired Tenements**




**Project History**

The exploration history of the areas that make up the Tiros project began in 2010, with the original owner of the Tiros titles, Águia Metais Ltda, initially focusing on phosphate and starting in 2013, on titanium. From 2010 to 2017, there was extensive geological mapping covering the Capacete formation undertaken. This mapping was based on the geophysical interpretation and field work previously undertaken. Between 2016 to 2017, 20 air-core drilling holes were undertaken totaling 1,225m with depths varying from 35m to 60m. Between 2017 to 2023, during which time RBM assumed ownership of the titles, RBM maintained the Tiros project titles, expanded the project by acquiring new titles and undertaking various geological desktop studies.

The Tiros project exploration work carried out by Resouro began in 2023. It was comprised of chemical reanalysis of samples from historic drilling which included auger, air-core and diamond drilling campaigns. There were 257m over 25 auger holes, 1,562m over 30 air-core holes and, 1,634m over 26 diamond drill holes (the results of which are noted below). Refer to Figure 4 for details of the Company's drilling location.

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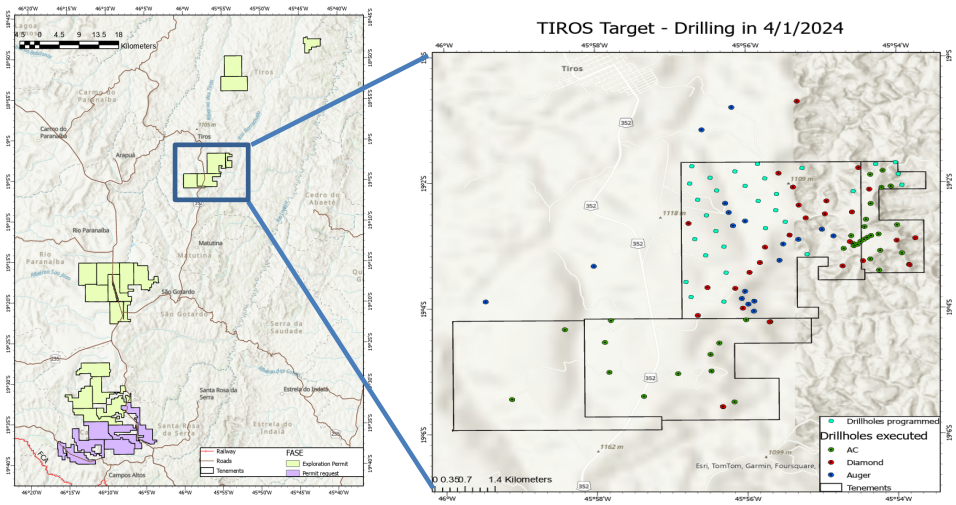
**Figure 4 – Drilling location and targets**




## Auger Drilling

The auger drilling campaign totaled 257m in 25 auger drill holes which were 10 centimeters ("**cm**") in diameter, with the depth of 6m to 15m in the Tiros central property ("**tenement**") shown in Figure 4, above. Drilling has been undertaken following the standard operating procedures for the auger equipment and drilled to maximum physical depth of the equipment.

The auger results show high levels of titanium consistent with historical drilling and high levels of rare earth elements consistent with the work undertaken by RBM. The results also indicated the material ore zone is consistent with that known in historic exploration although the results did indicate the lower-level thickness of the ore zone because the lower boundary was not reached in the auger drilling program.

The results of the auger program indicated the geological interpretation and method of exploration is appropriate and is consistent with the geological understanding of the Capacete Formation.

**Results of the Resouro auger drilling campaign**

| HoleID | X | Y | Z | AZIMUTH | DIP | Interval FROM | Interval TO | Average TREO ppm | Average $TiO_2$% |
|---|---|---|---|---|---|---|---|---|---|
| FT-01 | 401470.1 | 7893949 | 1002.723 | 0 | 90 | 0 | 6 | 4,189 | 20.56 |
| FT-02 | 401368.3 | 7894337 | 997.0978 | 0 | 90 | 0 | 11 | 5,253 | 15.26 |
| FT-03 | 401286 | 7894607 | 997.0582 | 0 | 90 | 0 | 6 | 4,058 | 15.03 |
| FT-04 | 402991 | 7893548 | 1027.228 | 0 | 90 | 3 | 15 | 6,699 | 19.41 |
| FT-05 | 402639.2 | 7893409 | 1018.939 | 0 | 90 | 2 | 9 | 3,455 | 10.92 |
| FT-07 | 403540.6 | 7893845 | 944.0546 | 0 | 90 | 0 | 2 | 3,610 | 10.82 |
| FT-09 | 401958.9 | 7891441 | 1039.084 | 0 | 90 | 3 | 11 | 5,768 | 16.03 |
| FT-10 | 401827.6 | 7891643 | 1001.096 | 0 | 90 | 7 | 10 | 3,143 | 8.76 |
| FT-11 | 401967.7 | 7891730 | 1033.299 | 0 | 90 | 0 | 10.5 | 7,181 | 10.47 |
| FT-14 | 404435.9 | 7911032 | 1040.91 | 0 | 90 | 12 | 15 | 662 | 9.37 |
| FT-15 | 404013.3 | 7911081 | 1034.5 | 0 | 90 | 3 | 16 | 1,846 | 9.92 |
| FT-16 | 403803.7 | 7911334 | 988.3385 | 0 | 90 | 0 | 13 | 1,546 | 7.2 |
| FT-18 | 405538.3 | 7910684 | 1022.839 | 0 | 90 | 2 | 9 | 2,508 | 7.66 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FT-19 | 405670.3 | 7910407 | 1021.412 | 0 | 90 | 0 | 11 | 4,131 | 8.78 |
| FT-20 | 405796.2 | 7910196 | 1037.287 | 0 | 90 | 6 | 7 | 223 | 6.14 |
| FT-21 | 404814.6 | 7914113 | 892.66 | 0 | 90 | 0 | 2 | 1,882 | 4.65 |
| FT-23 | 404683.3 | 7915151 | 912.154 | 0 | 90 | 0 | 11 | 5,155 | 14.03 |
| FT-24 | 404434.8 | 7915040 | 916.733 | 0 | 90 | 0 | 15 | 3,885 | 13.01 |
| FT-25 | 406423.4 | 7915087 | 1012.846 | 0 | 90 | 0 | 12 | 8,150 | 20.1 |

**Air core Drilling**

The air core drilling campaign totaled 1,562m over 30 air-core drill holes of approximately 10 cm diameter, with the depth of the holes varying from approximately 40m to 85m. Drilling was undertaken following the standard operating procedures for the air-core drilling equipment and undertaken by an experienced drilling contractor. Drilling depth was chosen to reach the hard conglomerate materials.

The air-core results show high levels of titanium consistent with historic drilling and high levels of rare earth consistent with the work undertaken by RBM. The results also indicated the material ore zone is consistent with that known in historic exploration work.

**Results of the Resouro Air core drilling campaign**

| HoleID | X | Y | Z | AZIMUTH | DIP | Interval FROM | Interval TO | Average TREO ppm | Average $TiO_2$% |
|---|---|---|---|---|---|---|---|---|---|
| ACTIR-21 | 404224 | 7893656 | 1050 | 90 | 0 | 0 | 43 | 1,979.80 | 6.31 |
| ACTIR-22 | 404273 | 7893424 | 1053 | 90 | 0 | 0 | 58 | 2,704.42 | 7.60 |
| ACTIR-23 | 404863 | 7893710 | 1051 | 90 | 0 | 2 | 57 | 2,704.18 | 8.24 |
| ACTIR-24 | 404686 | 7893661 | 1064 | 90 | 0 | 0 | 80 | 3,624.82 | 11.36 |
| ACTIR-25 | 404596 | 7893609 | 1054 | 90 | 0 | 0 | 59 | 3,027.54 | 9.05 |
| ACTIR-26 | 404440 | 7893490 | 1054 | 90 | 0 | 0 | 83 | 3,210.73 | 9.96 |
| ACTIR-27 | 404280 | 7893363 | 1057 | 90 | 0 | 29 | 46 | 4,214.78 | 15.06 |
| ACTIR-28 | 404372 | 7893400 | 1035 | 90 | 0 | 32 | 80 | 3,712.54 | 12.31 |
| ACTIR-29 | 404527 | 7893553 | 1055 | 90 | 0 | 45 | 74 | 3,942.54 | 12.11 |
| ACTIR-30 | 404534 | 7893922 | 1047 | 90 | 0 | 18 | 48 | 4,480.77 | 10.93 |
| ACTIR-31 | 404050 | 7893281 | 1057 | 90 | 0 | 33 | 59 | 6,410.20 | 15.13 |
| ACTIR-32 | 404899 | 7893225 | 1038 | 90 | 0 | 51 | 63 | 5,305.54 | 13.80 |
| ACTIR-33 | 404876 | 7892647 | 1058 | 90 | 0 | 10 | 51 | 4,342.98 | 11.46 |
| ACTIR-34 | 404677 | 7894603 | 1072 | 90 | 0 | 53 | 67 | 5,165.90 | 14.00 |
| ACTIR-36 | 405143 | 7895114 | 1019 | 90 | 0 | 6 | 46 | 4,575.54 | 15.15 |
| ACTIR-37 | 396320 | 7888840 | 1024 | 90 | 0 | 22 | 49 | 3,198.24 | 10.47 |
| ACTIR-38 | 397552 | 7890890 | 1022 | 90 | 0 | 20 | 57 | 3,277.94 | 11.89 |
| ACTIR-39 | 405672 | 7910407 | 992 | 90 | 0 | 6 | 16 | 4,867.20 | 9.34 |
| ACTIR-40 | 406571 | 7914075 | 1039 | 90 | 0 | 47 | 51 | 6,611.91 | 14.94 |
| ACTIR-41 | 422780 | 7919369 | 910 | 90 | 0 | 6 | 12 | 7,564.85 | 18.02 |
| ACTIR-42 | 423471 | 7921116 | 959 | 90 | 0 | 17 | 35 | 6,417.17 | 18.45 |
| ACTIR-43 | 407349 | 7914551 | 1054 | 90 | 0 | 47 | 53 | 9,713.40 | 21.63 |
| ACTIR-46 | 386029 | 7868243 | 1109 | 90 | 0 | 41 | 53 | 4,331.61 | 14.42 |

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ACTIR-48 | 380630 | 7860388 | 1125 | 90 | 0 | 24 | 41 | 4,746.34 | 11.60 |
| ACTIR-50 | 381569 | 7862210 | 1122 | 90 | 0 | 13 | 32 | 3,442.69 | 11.55 |

**Diamond Drilling**

The diamond drilling campaign completed to date comprises 1,634m in 26 diamond drill holes of 6.35 cm diameter, with the depth of the holes varying up to ~93m. Drilling was undertaken following a standard operating procedure of the diamond drilling equipment and undertaken by an experienced drilling contractor. Drilling depth was chosen to reach the hard conglomerate materials which was identified by the driller and the field geologist.

**Results of the Resouro Diamond drilling campaign.**

| HoleID | X | Y | Z | AZIMUTH | DIP | Interval FROM | Interval TO | Average TREO ppm | Average TiO2% |
|---|---|---|---|---|---|---|---|---|---|
| FDTIR-01 | 402326 | 7891121 | 1032 | 90 | 0 | 12.4 | 21.4 | 7,930.30 | 20.15 |
| FDTIR-02 | 404643 | 7895024 | 1033 | 90 | 0 | 34 | 58 | 5,226.21 | 12.47 |
| FDTIR-03 | 405585 | 7892798 | 1019 | 90 | 0 | 3 | 26 | 6,972.28 | 14.58 |
| FDTIR-04 | 401235 | 7888631 | 1052 | 90 | 0 | 16 | 26 | 6,835.08 | 17.97 |
| FDTIR-05 | 404499 | 7892925 | 1051 | 90 | 0 | 19 | 31.9 | 5,535.54 | 16.72 |
| FDTIR-06 | 405286 | 7893524 | 1067 | 90 | 0 | 35 | 49 | 4,926.38 | 13.55 |
| FDTIR-07 | 404023 | 7892769 | 1032 | 90 | 0 | 12 | 18.45 | 5,453.72 | 10.60 |
| FDTIR-08 | 404389 | 7895655 | 1013 | 90 | 0 | 13 | 79 | 3,787.55 | 10.06 |
| FDTIR-09 | 404241 | 7894354 | 1055 | 90 | 0 | 37 | 92.85 | 4,494.95 | 12.90 |
| FDTIR-10 | 405722 | 7893594 | 1004 | 90 | 0 | 0 | 6 | 1,709.93 | 5.76 |
| FDTIR-11 | 403611 | 7894297 | 1016 | 90 | 0 | 35 | 54.4 | 4,787.55 | 12.37 |
| FDTIR-12 | 403171 | 7894171 | 1075 | 90 | 0 | 41 | 63.8 | 5,958.69 | 13.86 |
| FDTIR-13 | 402835 | 7893707 | 1083 | 90 | 0 | 17 | 81.15 | 3,838.22 | 11.46 |
| FDTIR-14 | 402214 | 7893320 | 1011 | 90 | 0 | 20 | 50.15 | 5,169.93 | 14.78 |
| FDTIR-15 | 401701 | 7891530 | 1084 | 90 | 0 | 39 | 101.3 | 2,019.68 | 9.55 |
| FDTIR-16 | 400647 | 7891313 | 1083 | 90 | 0 | 36 | 93 | 4,281.26 | 10.42 |
| FDTIR-17 | 403000 | 7894552 | 1016 | 90 | 0 | 36 | 91.75 | 4,327.63 | 11.69 |
| FDTIR-18 | 402097 | 7892865 | 995 | 90 | 0 | 0 | 66 | 4,027.60 | 12.44 |
| FDTIR-19 | 403646 | 7894678 | 1019 | 90 | 0 | 9 | 79 | 4,099.00 | 10.79 |

**Geology and Mineralization**

Mineralization at the Tiros Project is due to a lateritic process enriching epiclastic rocks, and the erosion products of volcanic rocks enriched in titanium and rare earth elements. Rare earth and titanium mineralization are hosted in highly weathered sandstones and conglomerates of the Capacete Formation, belonging to the Mata da Corda Group. Titanium is mainly associated with the mineral anatase, originated from the alteration of perovskite. The upper part of the mineralized zone is known as being of higher grade for both titanium and rare earths which should be the effect of the leaching of gangue elements due to weathering. The Company is observing a high-grade zone at depth.

Within the Tiros project area, the following lithostratigraphic units were differentiated and mapped, from base to top: Bambuí Group, Areado Group, Mata da Corda Group, Laterite Cover and Alluvial Deposit. There is a North-North-East-directed band that encompasses the rocks of the Mata da Corda Group, represented by the Capacete formation, which generally have a lateritic cover and are exposed only on the slopes of the plateau based on the

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evaluation of the Tiros project. The following work plan has been undertaken:

**Proposed Future Plans**

Resouro began the 12,000m air core and diamond drilling survey campaign in September 2023 with the first 4,766m of drilling reported in the MRE. Following completion of the initial phase, Resouro plans to carry out further topographic surveys over the neighbouring tenements owned by Resouro where drilling has been undertaken in addition to further drilling and metallurgical test work focusing on areas where stripping ratios are optimal for bulk mining trials to deliver the quickest time frames. This includes:

- In-fill drilling to define further JORC compliant Resource.
- Further metallurgical test work programs with preferred laboratory partners to optimise REE leaching and $TiO_2$ conditions.
- Undertake a scoping study with an EPCM partner and subject matter experts in 2024, before undertaking any prefeasibility studies.
- Complete a preliminary mining and environmental baseline survey and studies to submit bulk mining trials.
- Downstream studies and product testing to align the metallurgical flow sheet with offtake partners.

**PROPERTY II - Novo Mundo Gold Project**

The Novo Mundo project is located in the established gold mining district of Alta Floresta Gold Belt, Mato Grosso. The Company's three contiguous exploration licences cover an area of 16,735 ha. To date, 5,500m have been drilled to identify mineralization in 10 separate zones. The most significant drill intercepts are listed below:

| |
|---|
| **Resouro Drill Hole 10**<br>16.21 m @ 2.97 g/t gold ("**Au**") from 55.9 m<br>*Including*<br>2.29 m @ 11.4 g/t Au at 55.9 m and<br>1.08 m @ 19.93 g/t Au at 71.03 m |
| **Resouro Drill Hole 002**<br>Located 200 m to the west of Drill Hole 10<br>11.65 m @ 5.11 g/t Au from 65.89 m<br>*Including*<br>2.5 m @ 8.09 g/t Au from 66.39 m and<br>4.6 m @ 6.30 g/t Au from 72.94 m |
| **Historic Drill Hole FNV 009**<br>Located to the East of Drill Hole 10<br>6.61 m @ 5.47 g/t Au from 62.73 m<br>*Including*<br>5.26 m @ 6.82 g/t Au from 64.08 m |

On November 18, 2018, Nexa signed an agreement with Coogavepa in order to acquire precious metal mineral rights in return for exploration and development expenditures. The Company agreed to assume all Nexa's obligations under the Novo Mundo Agreement with Coogavepe.

Resouro assumed the following obligations:

(i) Nexa paid Coogavepe an initial price of BRL 400,000 for the transfer of the mineral processes and rights as follows:
   (a) a first instalment of BRL 150,000 was paid within 30 days after execution of the Novo Mundo Agreement; and
   (b) a second instalment of BRL 250,000 was paid within 30 days after the date that Agência Nacional de Mineração ("**ANM**") completed the transfer of the exploration precious metal mineral rights to



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the Company's Brazilian subsidiary, Ison do Brazil Mineracao Ltda ("**ISON Brazil**"). These obligations have been satisfied by Nexa; and

(ii) Nexa agreed to incur phase one mineral exploration expenditures within 24 months of the date of the assignment of the Mineral processes and rights with the purpose of identifying economic mineralization for base metals (the "**Initial Survey**"). This obligation was satisfied by Nexa on September 18, 2021; and

(iii) During October 2023, the Company confirmed its commitment to undertake phase 3 of the exploration work. A payment of BRL 2,500,000 was due to Coogavepe. During December 2023, BRL 750,000 was paid. An additional BRL 250,000 was paid in February 2024 with the final payment of BRL 1,500,000 paid in June 2024. Interest will be paid in August 2024 as a result in delays to making the final payments.

On May 11, 2021, the Company, through its subsidiary, entered into a definitive purchase agreement with Nexa Recursos Minerais S.A. ("**Nexa**"), (the "**ISON-Nexa Agreement**"), pursuant to which the Company agreed to purchase from Nexa a 100% right to three precious metal exploration licences in the Novo Mundo Gold Project. Pursuant to the ISON-Nexa Agreement, the consideration to be paid and/or satisfied by the Company to Nexa is as follows:

(i) payments totalling BRL 3,750,000 (C$961,857) have been paid, per the ISON-Nexa Agreement;
(ii) the assumption of Nexa's obligations under an agreement (the "Novo Mundo Agreement") with Cooperativa dos Garimpeiros do Vale do Rio Peixoto ("**Coogavepe**"), who were previous owners of the projects and are a local group of artisanal miners. Coogavepe consented to the mineral rights being assigned from Nexa to the Company.

The ISON-Nexa Agreement provided that for a period of three years ended May 2024, Nexa has the right to explore for base metals at their own cost. If Nexa had discovered a commercially viable base metals project, Nexa would grant Resouro a 1.5% net smelter royalty ("**NSR**"). However, once Nexa's timeframe expired, the Company may now elect to explore the Novo Mundo Project area for base metals and if a commercially viable project is found the Company will grant a 1.5% NSR to Nexa. If the Novo Mundo Gold Project is predominantly precious metals, then base metals will be considered to be precious metals for the purposes of the ISON-Nexa Agreement. The Company has the option to buy back the NSR granted under the ISON-Nexa Agreement for a purchase price of US$5,000,000 if purchased prior to May 11, 2026. After May 11, 2026, the Company has a right of first refusal to buy back the NSR if any third party wants to purchase it.

On January 19, 2023, the Company submitted two partial exploration reports ("**PER**") to the ANM. The approval for the first PER related with the Mineral Process 866.171/2018 was received on July 28, 2023, and the second approval related with the Mineral Process 866.320/2018 was received August 7, 2023.

Upon Coogavepe granting the mining concession or bulk mining concession (*Guia de Utilização*) to the Company pertaining to any base metal mineral process, the Company shall pay a 1.5% net service revenue ("**NSR**") to Coogavepe, from the effective commercialization of the base metal ore extracted from the concessions. The Novo Mundo Agreement also contemplates the assignment of some of the exploration areas to Coogavepe and providing them the right to apply for a Permissão de Lavra Garimpeira ("**PLG**"). Effectively, the PLG is an Artisanal Mining Permit and is regulated by Federal Law 7,805/1989 and is an autonomous and extraordinary mining regime assigned exclusively to individuals exercising artisanal mining and cooperatives. PLGs allow its titleholders to extract secondary gold from alluvial, colluvial and eluvial sources or weathered soil down to 30 metres.

The mineral processes and rights acquired under and subject to the ISON-Nexa Agreement are as follows:

(i) ANM Mineral Process 866.035/2009, Exploration License No. 5004/2009, which is active and existing under the Brazilian Mining Code ("**BMC**") for gold ore, covering 930.35 ha, located in the Novo Mundo Municipality, State of Mato Grosso, Brazil;

(ii) ANM Mineral Process 866.320/2018, Exploration License No. 6787/2018, which is active and existing under the BMC for gold ore, covering 8,645.58 ha, located in the Novo Mundo Municipality, State of Mato Grosso, Brazil; and



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(iii) ANM Mineral Process 866.171/2018, Exploration License n°6784/2018, which is active and existing under the BMC for gold ore, covering 8,159.00 ha, located in the Novo Mundo Municipality, State of Mato Grosso, Brazil.

Exploration began on the Novo Mundo project following the conclusion of the RTO in May 2022. The main exploration activities on the project have included:

- desktop work and historical data integration for target definition and ranking;
- regional geological recognisance over the project's tenements and in particular, along the pre-defined mineralized trends;
- geological mapping of the major Dionízio-Luisão mineralized trend;
- detailed geological mapping of the Luisão pit east front and sample, to understand the outcropping ore structural control;
- rock (grab) chip sampling over the main Dionízio-Luisão and surroundings with the aim to identify other parallel trends and check main trend continuity, where 309 samples were collected to date;
- re-logging of the historical drill core with the aim to redefine the rock code and to describe the hydrothermal alteration related to the ore zones. A total of 3,320 metres have been re-logged to date. A few selected ore zones were resampled for ICP multi-element analysis for the definition of the geochemistry of the alteration related to the ore.
- trenching along the main Dionízio-Luisão trend, with the aim to identify the mineralized horizon between the main open pits, where no outcrop is available. The Company open-mapped and sampled 3 trenches to date, for a total of 150 metres and collected 183 channel samples along the trenches;
- commencement of the preliminary drilling program in June 2022. A total of 10 drill holes were programmed with the aim to confirm historical drilling, infill to convert resources to measured for short-term mining plan, test extensions along the strike and down plunge to the main outcropping ore bodies and to test structural control defined by the detailed mapping. The preliminary drilling program was concluded in September 2022 with 10 drill holes for a total of 1,268 metres;
- current drilling log, sampling and QAQC sample were concluded a week after the conclusion of the drilling program; and
- rock chip and drilling samples were trucked to ALS Lab in Cuiabá and then to Lima for analysis, with results forthcoming;
- 3D geological and hydrothermal alteration model is currently being finalized. The model also includes the structural interpretation taken from the oriented cores. The model has the aim to define the ore controls and to generate exploration vectors for the next exploration program. In addition, the model will be integrated with the grade model for the generation of a new resource estimative for the drilled targets.

During the year ended March 31, 2024, Resouro completed an interim exploration report for the ANM as required to maintain the project in good standing. Other work included three-dimensional modeling and analysis of the new and historic data to plan the next phase of trenching, sampling, and drilling.

**PROPERTY III - Santa Angela project**

The Santa Angela project is an early-stage exploration property. It is situated within the same geologic belt, approximately 150 km from the Novo Mundo project. In December 2021, the Company acquired certain mineral exploration rights from the ANM to conduct mineral exploration work on the Santa Angela project in the State of Mato Grosso, Brazil. Total consideration paid for the exploration rights was BRL 551,099 ($140,530).

**PROPERTY IV - Buracão Gold Project**

In February 2021, the Company, through its Brazilian subsidiary, ISON do Brasil, entered into a definitive purchase agreement (the "**Buracão Agreement**"). The terms of the Buracão Agreement provided for the acquisition by the Company of a 100% interest in two (2) mineral processes and rights in the Buracão Gold Project. The total purchase price for the mineral processes and rights is USD $2.6M of which $503,508 has been paid to date. On February 25, 2023, the Company notified the seller that it was discontinuing its investments in the Buracão project. The Company has decided to reprioritize its allocation of resources from the Buracão project to the Novo Mundo gold project. The Company did not provide the 30 days notice required and was therefore subject to a $533,800 (BRL



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2,000,000) penalty. As a result, the $503,508 of acquisition costs and the $533,800 penalty fee were written-off from the exploration and evaluation assets and recorded as a net loss as a exploration and evaluation expenditure in the statement of loss and other comprehensive loss for the year ended March 31, 2023.

Following discontinuation of the Buracão agreement, the Company paid a total of BRL 1,920,000 to the seller between July 2023 and October 2023. The October 2023 payments earned the Company an 8% discount which was recorded as $21,888 penalty relief on the consolidated statements of comprehensive loss. The Company reverted the assignment of the Buracão mineral rights back to the seller on August 4, 2023.

**PROPERTY V - Pernambuco project**

In December 2021, the Company acquired three mineral exploration rights from the ANM to conduct exploration work on the Pernambuco project in the State of Pernambuco, Brazil. Total consideration paid was BRL 100,099. The Company has ceased exploration activities and thus its commitments on the Pernambuco project. As a result, $25,525 of exploration and evaluation assets were written-off and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for the year ended March 31, 2023.

## *Results of Operations*

**Period ended September 30, 2024**

The Company recorded a comprehensive net loss of $3,856,014 of which $154,707 is attributable to a non-controlling interest, for the six months ended September 30, 2024, compared to a comprehensive net loss of $1,216,447 for the six months ended September 30, 2023.

**Quarterly Financial Information**

The following table provides selected financial information for the eight quarters up to September 30, 2024 and should be read in conjunction with the Company's financial statements.

| Quarter ended | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Net loss, common shareholders | $(1,792,224) | $(1,909,083) | $(712,634) | $(1,771,292) |
| Net loss, non-controlling interest | (60,693) | (94,014) | (4,680) | - |
| Earnings (loss) per share[2] | (0.02) | (0.03) | (0.01) | (0.03) |
| Weighted average shares outstanding[2] | 92,332,192 | 79,102,522 | 62,856,955 | 62,565,888 |

| Quarter ended | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022[1] |
|---|---|---|---|---|
| Net loss | $(661,628) | $(554,819) | $(1,302,098) | $(398,006) |
| Earnings (loss) per share[2] | (0.01) | (0.01) | (0.03) | (0.00) |
| Weighted average shares outstanding[2] | 62,687,295 | 45,518,033 | 43,076,420 | 43,974,956 |

[1] Results of operations based on ISON Mining Pte Ltd. (the acquirer for accounting purposes)

[2] Basic and diluted



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**Discussion of quarterly results**

***Three months ended September 30, 2024 compared to September 30, 2023***
Net loss of $1,852,917 and $661,628 were recognized for the three months ended September 30, 2024 and September 30, 2023 respectively.

Net loss attributable to common shareholders of $1,792,224 and $661,628 were recognized for the three months ended September 30, 2024 and September 30, 2023, respectively. The Company completed its drilling program on the Tiros tenements and continued with the metallurgical study during the three months ended September 30, 2024 which resulted in significantly higher exploration costs than the comparative period ended September 30, 2023. Expenditures related to the three months ended September 30, 2024 include the following significant components:

- Professional fees of $507,736 (September 30, 2023 - $387,127);
- Office costs of $28,173 (September 30, 2023 – $24,039);
- Management fees of $355,028 (September 30, 2023 – $112,269);
- Sustainability and climate fees of $22,968 (September 30, 2023 – nil);
- Exploration expenses of $917,764 (September 30, 2023 - $7,671);
- Travel expenses of $53,068 (September 30, 2023 - $15,466);
- Stock based compensation expense of $31,677 (September 30, 2023 $82,113); and
- ($2,856) in foreign exchange gain (September 30, 2023 - $56,050).
- ($72,374) in interest income (September 30, 2023 - $1,939).

In comparison, the Company incurred higher professional fees during the three months ended September 30, 2023 as it engaged the expertise of audit, legal and marketing professionals to execute the IPO process which, resulted in the Company successfully listing on the ASX on June 14, 2024. Management fees were also higher for the period because the Company engaged the expertise of two new Directors as consultants.

***Three months ended June 30, 2024 compared to June 30, 2023***
Net loss attributable to common shareholders of $1,909,083 and $554,819 were recognized for the three months ended June 30, 2024 and June 30, 2023, respectively. The Company was undertaking a drilling program and a concurrent metallurgical study during the three months ended June 30, 2024 which resulted in significantly higher exploration costs than the comparative period ended June 30, 2023. Expenditures related to the three months ended June 30, 2024 include the following significant components:

- Professional fees of $455,536 (June 30, 2023 - $128,355);
- Management fees of $413,252 (June 30, 2023 – $71,237);
- Exploration expenses of $991,566 (June 30, 2023 - $717);
- Travel expenses of $126,867 (June 30, 2023 - $31,443);
- Office costs of $11,960 (June 30, 2023 – $16,255);
- Stock based compensation fees of $82,223 (June 30, 2023 $301,916); and
- $75,982 in foreign exchange gain (June 30, 2023 - $4,483 loss).

***Three months ended March 31, 2024 compared to March 31, 2023***
Net loss of $712,634 and $1,302,098 were recognized for the three months ended March 31, 2024 and 2023 respectively. Expenditures incurred during the three months ended March 31, 2024 include the following components:

- Professional fees of $303,238 (March 31, 2023 – $346,470);
- Office costs of $70,862 (March 31, 2023 – $107,657);
- Management fees of $207,988 (March 31, 2023 – $(47,834));
- Exploration expenses of $62,873 (March 31, 2023 - $915,132);
- Travel expenses of $62,328 (March 31, 2023 - $80,674);
- Office lease accretion and depreciation expenses of $14,445 (March 31, 2023 – nil); and
- $(241,761) in foreign exchange gain (March 31, 2023 - $(100,001)).

The Company incurred higher professional fees during the three months ended March 31, 2024 as it engaged the expertise of audit, legal and marketing professionals to execute the IPO process which resulted in the Company completing a public listing on the ASX on June 14, 2024. Management fees were also higher for the period because the Company engaged the expertise of two new Directors and an officer as consultants.

## *Financial Condition, Liquidity and Capital Resources*

As at September 30, 2024, the Company had a deficit attributable to shareholders of $13,506,783 (March 31, 2024 - $9,805,476). The Company reported cash of $4,318,843, accounts receivable and prepaid of $53,412, accounts payable and accrued liabilities of $275,810 and an amount due to a related party of $88,480. The Company has no long-term debt.

During the six months ended September 30, 2024, cash increased by $2,397,571. The cash raised through the private placement closed during the year has funded the Company's activities throughout the year ended March 31, 2024. Funds were provided from the gross proceeds of $7,300,718 received through a private placement that closed on June 12, 2024 which closed concurrently with the Company completing a public listing on the ASX. This funding will finance the Company's exploration programs and administrative costs for the next 12 months. The Company has demonstrated an ability to raise new capital in the past 12 months and the Board is confident of continuing to be able to raise new capital as needed to fund its operations.

**Operating activities**

During the six months ended September 30, 2024, net cash used in operating activities amounted to $4,436,140 (September 30, 2023 - $1,933,485).

**Investing activities**

During the six months ended September 30, 2024, the Company used $13,410 cash through investing activities (September 30, 2023 $2,158).

**Financing activities**

During the six months ended September 30, 2024, cash provided from financing activities was $6,804,615 (September 30, 2023 - $5,036,017). Funds were provided from the gross proceeds of $7,300,718 received through a private placement that closed on June 12, 2024 which closed concurrently with the Company completing a public listing on the ASX.

**Financial Instruments, Risks and Capital Management**

The Company does not utilize complex financial instruments in hedging metal price, foreign exchange or interest exposure. Any hedging activity requires approval of the Company's Board of Directors. The Company will not hold or issue derivative instruments for speculation or trading purposes. Please refer to the Condensed Interim Consolidated Financial Statements for the six months ended September 30, 2024.

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### *Related Party Transactions*

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors and officers. The aggregate value of transactions related to key management personnel are as follows:

| Six months ended, | September 30, 2024 | September 30, 2023 |
|---|---|---|
| Officers | $270,306 | $105,000 |
| Directors | 497,975 | 78,506 |
| Total compensation | $768,281 | $183,506 |

As of September 30, 2024, $88,480 was due to Officers and Directors for consulting fees and reimbursable expenses (March 31, 2024 - $98,685).

As of September 30, 2023, a loan valued at $259,420 was due to an Officer of the Company. During the six months ended September 30, 2023, nil was repaid. The loan amount was unsecured, non-interest bearing and repayable on demand and convertible into common shares after one year. The loan was repaid during the year ended March 31, 2024, therefore, no amounts were due as of September 30, 2024.

As of September 30, 2023, a related party owed the Company $642,859. The party was considered a related party by virtue of the fact that Resouro's CEO owned 33.3% of the outstanding shares. As of March 11, 2024, the Company purchased the related party: the Tiros acquisition (Note 5). Amounts owed at the time of the purchase were included in the fair value of the total consideration paid as the identified liabilities assumed. Therefore, as of September 30, 2024, there were no amounts due to the related party as a result of the Tiros acquisition.

### *Internal Controls and Disclosure Controls Over Financial Reporting*

On November 23, 2007, the British Columbia Securities Commission by which the Company is regulated, exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is required to file basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

### *Off-Balance Sheet Arrangements*

There are no off-balance sheet arrangements or obligations that are not disclosed in the Financial Statements.

### *Accounting Policies and Recent Accounting Pronouncements*

The Company's significant accounting policies are presented in Note 2 of the annual audited financial statements for the year ended March 31, 2024.

### *Risks and Uncertainties*

In addition to the usual risks associated with an investment in an exploration-stage company, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. For further information regarding the Company's risks, please refer to the detailed disclosure below concerning the material risks and uncertainties associated with the Company's business. An investment in the Company may not be suitable for all investors.

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**No assurance of titles or borders**

The acquisition of the right to exploit mineral properties is a very detailed and time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements; transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

**Competition**

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

**Financing risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. The Company's ability to secure a new project is dependent upon the Company's ability to obtain financing through equity or debt financing or other means. The securities markets can experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, may experience wide fluctuations in share prices which will not necessarily be related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

**Mineral property exploration and mining risks**

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The Company may earn an interest in certain properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of prefeasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property. The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

**Insured and uninsured risks**

In the course of exploration, development and production of mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company. Some work is carried out through independent

consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

**Environmental risks and hazards**

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve 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 can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

**Conflicts of interest**

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Political and currency risks**

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in Canadian dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the Brazilian real could have an adverse impact on the amount of exploration conducted.

**Key personnel risk**

The Company's success depends on key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and the results of operations.

## *Outstanding Share Data*

As of the date of this MD&A, the Company has issued 92,447,192 common shares, 600,616 broker share purchase warrants, 10,495,000 common share purchase options, 1,843,643 broker compensation options and 750,000 performance rights.

## DIRECTORS AND OFFICERS

Chris Eager, Chairman of the Board
Anne Landry, Director and Audit Committee Chair (Remuneration Committee)
Justin Clyne, Director and Remuneration Committee Chair (Audit Committee)
Philippe Martins, Director (Audit Committee, Remuneration Committee)
Alistair Stephens, Chief Executive Officer
Sandra Evans, Chief Financial Officer and Corporate Secretary

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