SILVER CROWN
ROYALTIES INC

Consolidated Financial Statements of

SILVER CROWN ROYALTIES INC.

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Zeifmans

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Crown Royalties Inc.

Opinion

We have audited the consolidated financial statements of Silver Crown Royalties Inc. and its subsidiary (together the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023, and 2022, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2023, and 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of $1,483,543 for the year ended December 31, 2023, and, as of that date, had an accumulated deficit of $1,707,652. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

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

Zeifmans LLP

Toronto, Ontario
May 15, 2024

Chartered Professional Accountants
Licensed Public Accountants

SILVER CROWN ROYALTIES INC.

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	2023	2022
		$	$
ASSETS			
Current assets			
Cash at bank	4	142,399	44,728
Term deposit	5	-	101,163
Accounts receivable	6	130,938	5,000
Prepaid expenses		262,052	-
Total current assets		535,389	150,891
Non-current assets			
Royalties' interests	7	3,809,032	-
TOTAL ASSETS		**4,344,421**	**150,891**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		404,957	10,000
TOTAL LIABILITIES		**404,957**	**10,000**
SHAREHOLDERS' EQUITY			
Share capital	8	5,120,404	365,000
Subscriptions received in advance		6,000	-
Contributed surplus	8	520,712	-
Deficit		(1,707,652)	(224,109)
TOTAL SHAREHOLDERS' EQUITY		**3,939,464**	**140,891**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,344,421**	**150,891**

General information and going concern (note 1)
Subsequent events (note 13)

These consolidated financial statements were approved by the Board of Directors of the Company on May 15, 2024, and signed on their behalf by:

Director

Director

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

SILVER CROWN ROYALTIES INC.

Consolidated Statements of Net Loss and Comprehensive Loss
For the years ended December 31, 2023 and December 31, 2022
(Expressed in Canadian dollars)

	Notes	2023	2022
		$	$
REVENUE			
Royalties' income	7	124,772	-
EXPENSES			
Consulting fees	10	1,133,626	200,000
Marketing and business development		385,069	15,882
Legal and professional fees		76,713	10,000
Depletion	7	14,538	-
General and administrative expenses		7,484	-
Total expenses		1,617,430	225,882
OTHER INCOME			
Interest income		9,115	1,773
Net loss and comprehensive loss		(1,483,543)	(224,109)
Net loss per share for the year			
Basic and diluted		(0.07)	(0.11)
Weighted average number of shares outstanding			
Basic and diluted		21,351,871	2,022,192

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

SILVER CROWN ROYALTIES INC.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars except for number of common shares)

	Number of common shares	Share capital	Subscriptions received in advance	Contributed surplus	Retained earnings (deficit)	Total
		$	$	$	$	$
Balance on December 31, 2021	20,000	1,000	-	-	-	1,000
Issue of shares under founders' round	3,280,000	164,000	-	-	-	164,000
Issue of shares for services	4,000,000	200,000	-	-	-	200,000
Net loss and comprehensive loss	-	-	-	-	(224,109)	(224,109)
Balance on December 31, 2022	7,300,000	365,000	-	-	(224,109)	140,891
Private placements	20,943,000	4,615,832	-	457,268	-	5,073,100
Share issuance costs	-	(380,262)	-	59,178	-	(321,084)
Issue of shares for services	3,410,500	474,100	-	-	-	474,100
Issue of shares to acquire royalty interest	250,000	45,734	-	4,266	-	50,000
Subscription received in advance	-	-	6,000	-	-	6,000
Net loss and comprehensive loss	-	-	-	-	(1,483,543)	(1,483,543)
Balance on December 31, 2023	31,903,500	5,120,404	6,000	520,712	(1,707,652)	3,939,464

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

SILVER CROWN ROYALTIES INC.

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
	$	$
Cash flows from operating activities		
Net loss	(1,483,543)	(224,109)
Adjustments for non-cash items:		
Depletion	14,538	-
Expense for shares issued against services	474,100	200,000
Interest income	(9,115)	(1,773)
	(1,004,020)	(25,882)
Changes in non-cash working capital:		
Accounts receivable	(125,938)	(4,000)
Prepaid expenses	(262,052)	-
Accounts payable and accrued liabilities	394,957	10,000
Net cash used in operating activities	(997,053)	(19,882)
Cash flows from investing activities		
Purchase of royalty interest	(3,773,570)	-
Investment in term deposit	101,163	(100,000)
Interest received	9,115	610
Net cash used in investing activities	(3,663,292)	(99,390)
Cash flows from financing activities		
Gross proceeds from issuance of shares	5,073,100	164,000
Share issuance costs	(321,084)	-
Subscriptions received in advance	6,000	-
Net cash provided by financing activities	4,758,016	164,000
Net increase in cash	97,671	44,728
Cash, beginning of the year	44,728	-
Cash, end of the year	142,399	44,728

Non-cash transaction for issuance of share capital against purchase of royalty interest are excluded from this statement (see note 8).

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

(Expressed in Canadian dollars)

1. General information and going concern

Silver Crown Royalties Inc. ("Silver Crown" or the "Company") is an entity formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. Silver Crown is a royalty and streaming investment company primarily in the silver metal space. The Company's registered office is at First Canadian Place 6200-100 King Street West Toronto Ontario.

The consolidated financial statements comprise the Company and its subsidiary (collectively referred to as the "Group"). Following are the details of the subsidiary as at December 31, 2023:

Entity	Percentage holding	Country of incorporation
Argentum Royalties Inc.	100%	Commonwealth of The Bahamas

These consolidated financial statements (the "financial statements") have been prepared on a going concern basis of accounting, which assumes that the Group will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. For the year ended December 31, 2023, the Group incurred a net loss of $1,483,543 (2022: $224,109) and has an accumulated deficit of $1,707,652 (2022 - $224,109). The Group used net cash of $997,053 (2022 - $19,882) in operating activities.

These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise capital in order to fund its operations. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalties' interests. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these financial statements.

2. Material accounting policy information

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized by the Board of Directors of the Company on May 15, 2024. The Board of Directors of the Company has the power to amend the financial statements after issue.

(b) Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical cost.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars (“dollar”), which is the Group’s presentation currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

The functional currencies of the Company and its subsidiary are as follows:

Entity	**Functional currency**
Silver Crown Royalties Inc.	Canadian dollar
Argentum Royalties Inc.	U.S. dollar

(d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in these financial statements from the date on which control commences until the date on which control ceases. Details of the subsidiary are included in note 1. There were no significant transactions and balances in the subsidiary as of and for the year ended December 31, 2023.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated on consolidation.

(e) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in consolidated statement of net loss and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars at the average exchange rates for the period. Foreign currency differences are recognized in other comprehensive income (loss) and accumulated in the translation reserve. During the current year, there were no such translation differences to be recognized.

(f) Cash at bank and term deposit

Cash at the bank consists of bank balances held in Canadian financial institutions. As at December 31, 2023, and 2022, the Group did not have any cash equivalents.

Guaranteed Investment Certificates with an original maturity of more than three months are presented as term deposits and stated at amortized cost.

(g) Financial instruments

Financial assets

Recognition and initial measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Group determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are classified as follows:

- Designated at fair value through profit or loss (FVTPL) – On initial recognition, the Group may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss.
- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from an impairment, foreign exchange and derecognition are recognized in profit or loss.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Classification and measurement of the financial instruments is as follows:

Financial instrument	**Classification**
Cash	Amortized cost
Term deposit	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

<u>Write-off</u>

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

<u>Business model assessment</u>

The Group assesses the objective of its business model for holding a financial asset at a level of aggregation that best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

<u>Contractual cash flow assessment</u>

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Group considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Group's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment of financial assets

The Group assesses all information available, including on a forward-looking basis the expected credit losses (ECL) associated with any financial assets carried at amortized cost.

- A maximum 12-month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.

- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.

- A lifetime ECL allowance is recognized for credit impaired financial instruments.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of income (loss) and comprehensive income (loss).

Financial instruments recorded at 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:

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

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

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

Financial liabilities

Recognition and initial measurement

The Group recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. 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 after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of accrued liabilities.

Derecognition of financial liabilities

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

(h) Royalty interests

Royalty interests consist of acquired royalty agreements. Royalty interests acquired in an asset acquisition are recorded at cost and capitalized as either tangible or intangible assets with finite lives depending on the nature of the royalty agreement. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The cost of the royalty interest is comprised of its purchase price and any costs directly attributable to acquiring the asset. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred. Producing royalty interests are depleted using the units-of-production method over the life of the property to which the interests relate, which are estimated using available information of proven and probable reserves. The Group relies on information available to it under contracts with operators and/or public disclosures for information on reserves and resources from the operators of the producing mineral interests. Acquisition costs of exploration-stage royalty interests are capitalized and not depleted until revenue-generating activities begin.

(i) Impairment of royalty interests

Evaluation of the carrying values of each royalty interest is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable. Impairment is assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows and largely independent of the cash inflows from other assets. This is usually at the individual royalty interest level for each property from which cash inflows are generated. An assessment is made at each reporting period if there is any indication that a previous impairment loss may no longer exist or has decreased. If indications are present, the carrying value of the royalty interest is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the royalty interest in previous periods. Royalty interests classified as exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Estimated future cash flows are calculated using estimated production, sales prices and a discount rate. Estimated future production is determined using current reserves and the portion of resources expected to be classified as mineral reserves, as well as exploration potential expected to be converted into reserves. Estimated sales prices are determined by reference to an average of long-term metal price forecasts by research analysts and management's expectations. The discount rate is estimated using an average discount rate incorporating research analyst views used to value precious metal royalty and streaming companies.

(j) Revenue recognition

The Group has determined that each unit of a commodity that is delivered to a customer under a royalty interest arrangement is a performance obligation for the delivery of a good that is separate from each other unit of the commodity to be delivered under the same arrangement. For royalty interests, revenue is recognized in accordance with the relevant terms of the specific royalty agreement. Such terms may stipulate that the Group has a right to revenue upon settlement from the end customer to the operator of the royalty property or when control of the relevant commodity is transferred to the end customer by the operator of the royalty property. At this point in time the Group has an unconditional right to payment. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement with the operator of each mining property. In some instances, the Group will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

(k) Share-Based Payments

Share-based payments are arrangements in which the Group receives goods or services in consideration for its equity instruments granted to non-employees. These are accounted for as equity-settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date, the Group receives the goods or services. The Group grants share-based awards to its employees and service providers in the form of restricted share units ("RSUs"). RSUs are equity-settled awards. The Group determines the fair value of the awards on the date of grant. This fair value is expensed to the statement of loss and comprehensive loss using a graded vesting attribution method over the vesting period of the awards, with a corresponding credit to the contributed surplus. When the restricted share units are exercised, the applicable amounts of contributed surplus are transferred to share capital.

(l) Warrants

The Group measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates considering volatility, expected life, the dividend rate, and the risk-free interest rate. Equity-settled warrants are recorded in equity as contributed surplus, are fair valued at the grant date and are not remeasured subsequently. When shares are issued against warrants, the related amount in contributed surplus together with any proceeds received are transferred to share capital. The fair value of warrants issued to brokers in conjunction with a financing is charged to share issue costs with an offsetting amount recorded to contributed surplus.

Cash-settled warrants, if any, are recognized as liability, initially measured at grant date and are remeasured at each reporting date subsequently, with any differences recognized in statement of loss and comprehensive loss.

(m) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that a future outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(n) Income taxes

Income taxes are comprised of current and deferred balances and are recognized in income (expense) except to the extent that the taxes relate to a business combination, or to items recognized directly in equity or in comprehensive income (loss). Current and deferred taxes are charged or credited to other comprehensive income (loss) if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

Deferred income taxes are calculated by measuring the temporary differences arising between the tax basis of an asset or liability and its carrying value. Deferred income tax assets or liabilities are calculated using enacted or substantively enacted income tax rates expected to apply in the period in which the temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of net loss and comprehensive loss in the period that substantive enactment occurs.

Recognition of a deferred tax asset for unused tax losses, tax credits and deductible temporary differences is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

(o) Share capital

Share capital is presented at the fair value of the shares issued. Costs related to the issuance of shares are reported in equity, net of income tax, as a deduction from the issuance proceeds. The Company follows the residual value method with respect to the measurement of common shares and warrants issued as units and bifurcate the value of warrants and shares in units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in equity as contributed surplus.

(p) Earnings (loss) per share

The basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is computed by dividing the net earnings (loss) for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share reflects the potential dilution of common share equivalents, such as convertible preferred shares, convertible debentures, in the weighted average number of shares outstanding during the period.

(p) Related party transactions

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

(q) Adoption of New Accounting Standards

The following standards were effective and implemented for the annual period as of January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

  This amendment requires companies to provide more specific disclosures about their accounting policies and the judgments made in applying these policies that have the most significant effect on the financial statements. The new definition of significant accounting policies, now material accounting policy information, is broader in scope, capturing accounting policy information that is important to understanding the judgments made in preparing the financial statements, and those policies that require the most significant judgments and estimates by the Group. There was no significant impact to the Group's disclosure of accounting policies because of the amendments.

- Definition of Accounting Estimates (Amendments to IAS 8)

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". There was no significant impact to the current period or comparative periods presented because of these amendments.

- Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendment to IAS 12)

  This amendment clarifies the accounting for deferred tax arising from single transactions, such as business combinations and asset acquisitions, by requiring companies to recognize deferred tax for temporary differences that arise from the initial recognition of assets and liabilities in a single transaction. The adoption of this amendment did not have a material impact on the Group's consolidated financial statements.

<u>New Accounting Standards Issued but Not Yet Effective:</u>

Certain new accounting standards have been published that are not mandatory for the current period and have not been early adopted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

  This amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Group does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

3. Use of management estimates, judgments and measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting estimates by management for the year ended December 31, 2022, as these require a high level of subjectivity and judgement and could have a material impact on Silver Crown's financial statements.

(a) Accounting for royalty interests

The Group from time to time will acquire royalty interests. Each royalty interest agreement has its own unique terms and significant judgment is required to assess the appropriate accounting treatment.

(b) Impairment of royalty interests

Assessment of impairment of royalty interests at the end of each reporting period requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct a formal impairment test on the Group's royalty interests. Indicators which could trigger an impairment test include, but are not limited to, a significant change in operator reserve and resource estimates, industry, or economic trends, current or forecast commodity prices, and other relevant operator information. The assessment of fair values requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications.

In addition, the Group may use other approaches in determining fair value which may include judgment and estimates related to (i) dollar value per ounce or pound of reserve/resource; (ii) cash-flow multiples; and (iii) market capitalization of comparable assets. Changes in any of the assumptions and estimates used in determining the fair value of the royalty and stream could impact the impairment analysis.

(c) Estimation of depletion

The Group's royalty interests that generate economic benefits are considered depletable and are depleted on a unit-of-production basis over the units of production that are expected to generate the cash flows that will be attributable to the Group. These calculations require the use of estimates and assumptions, including the estimated quantity of commodities to be received, the recovery rates, and payable rates. Changes to these assumptions may impact the depletion rates used. Changes to depletion rates due to new information are accounted for prospectively.

(d) Deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted.

(e) Going concern

These financial statements have been prepared on the assumption that the Group will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with the directors of the Group.

(f) Provisions

Accounting for provisions including assessments of possible legal contingencies requires judgment whether a present obligation is probable. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

(Expressed in Canadian dollars)

4. Cash at bank

		2023	2022
Cash at bank, unrestricted	$	117,337	44,728
Cash at bank, restricted		25,062	-
Total	$	142,399	44,728

The restricted cash balance represents a segregated account fund set up by a counterparty with an initial amount of $25,000 as required under one of the royalty interests. The corresponding liability of this balance is shown in accounts payable and accrued liabilities in these financial statements.

5. Term deposit

		2023	2022
Term deposit and accrued interest thereon	$	-	101,163

It represents a Guaranteed Investment Certificate with an original maturity of twelve months with an annual interest of 2.05%.

6. Accounts receivable

		2023	2022
Royalties' receivable	$	52,976	-
Goods and service tax receivable		77,962	-
Other receivables		-	5,000
	$	130,938	5,000

(Expressed in Canadian dollars)

7. Royalties' interests

		Elk Gold	Pilar Gold	Others	Total
COST					
Balance at January 1 2022 and 2023	$	-	-	-	-
Additions		3,081,661	716,376	25,533	3,823,570
Balance atn December 31, 2023	$	3,081,661	716,376	25,533	3,823,570
ACCUMULATED DEPLETION					
Balance at January 1 2022 and 2023	$	-	-	-	-
Depletion		13,742	796	-	14,538
Balance at December 31, 2023	$	13,742	796	-	14,538
NET BOOK VALUE					
Balance at December 31, 2022	$	-	-	-	-
Balance at December 31, 2023	$	3,067,919	715,580	25,533	3,809,032

Elk Gold, British Columbia, Canada

During May 2023, the Company entered into a royalty purchase agreement (the "Royalty Purchase Agreement") with Elk Gold Mining Corp. (the "Elk Gold") whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Elk Gold project located in British Columbia, Canada. Pursuant to the terms of the Royalty Purchase Agreement, the Company paid the following purchase price for the Royalty:

- $2,500,000 in cash; and
- 250,000 units at a deemed unit price of $0.20 with each such unit consisting of one common share and one-half of one share purchase warrant exercisable for a period of 24 months, from the date of issuance, at an exercise price of $0.40.
- Cash bonus pay of $500,000

Under the Royalty Purchase Agreement, the Company is contingently liable to pay certain production bonuses, upto a maximum of $4,000,000, linked to underlying production milestones as specified in the Royalty Purchase Agreement. The production bonuses are payable in cash or in common shares of the Company at sole discretion of Elk Gold while the Company is private. In the event the Company goes public, the Company has the option to pay the production bonuses in cash or in its common shares at its sole discretion. At the time of purchase of royalty, the Company issued 10,000,000 performance warrants at an exercise price of $0.40 which are exercisable when underlying production milestones have been met and the common shares are required to be issued. Based on the publicly available information and the information provided by Elk Gold for quarterly production and royalty reports, no production milestones have been met to trigger additional payments up to the date of issuance of these financial statements. The estimation of any milestones to be achieved is highly subjective, significantly uncertain and cannot be done with any degree of reliability. Therefore, no amounts are recognized in these financial statements either for performance warrants or possible cash commitment.

The Company also retains the right to repurchase fifty (50%) of the Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to the Company at the time of this election.

Pilar Gold, Brazil

The Company acquired the first tranche of net smelter return royalty for up to 90% of the cash equivalent of silver produced from Pilar Gold ("Pilar") PGDM Complex. To complete the first tranche, the Company paid US$500,000 in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex. On April 26, 2024, the Company acquired additional net smelter return royalty of 8.55% by paying an additional amount of US$190,000.

Others

Other royalty interests represent direct costs incurred on ongoing projects which have just started, and management believes will result in future economic benefits to the Company once respective transaction is closed.

8. Shareholders' equity

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2023, the Company had 31,903,500 common shares (2022: 7,300,000 common shares) issued and outstanding.

(b) Issued share capital

During the year ended December 31, 2023, the following transactions were entered by the Company:

(i) <u>Private placement at $0.20 per unit</u>

During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement, in tranches, consisting of 16,520,500 units at a unit price of $0.20 per unit for an aggregate gross amount of $3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.40 for a period of two years following the closing date. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of $0.40 for a period of two years from the closing.

(ii) Private placement at $0.40 per unit

During the period from July 21, 2023, to November 22, 2023, the Company completed three tranches of an ongoing non-brokered private placement, consisting of 4,422,500 units at a unit price of $0.40 per unit for aggregate gross proceeds of $1,769,000. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.80 for a period of three years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of $0.40 for a period of three years from the closing.

(iii) Shares issued for services

The Company issued 3,410,500 common shares valued at $474,100 for services rendered by various individuals or corporations controlled by key management personnel or third parties.

During the year ended December 31, 2022, the following transactions were entered by the Company:

(i) Private placement at $0.05 per share

The Company completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of $0.05 per share for aggregate gross proceeds of $165,000.

(ii) Shares issued for services

The Company issued a total of 4,000,000 common shares at a price of $0.05 for services rendered by key management personnel.

(Expressed in Canadian dollars)

(c) Share purchased warrants

As at December 31, 2023, the following share purchase warrants were outstanding:

	No. of share Purchase warrants	Weighted average exercise price
		$
Balance on January 1	-	-
Issued under private placement at $0.20 per unit	8,260,250	0.40
Issued to acquire a royalty interest	125,000	0.40
Issued under private placement at $0.40 per unit	2,211,250	0.80
Balance on December 31	10,596,500	0.48

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under $0.20 per unit round	Issued under $0.40 per unit round
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

No share purchase warrants were issued and outstanding as of December 31, 2022.

(d) Brokers warrants

As at December 31, 2023, the following broker warrants were outstanding:

	No. of broker warrants	Weighted average exercise price
		$
Balance on January 1	-	-
Issued under private placement at $0.20 per unit	879,000	0.40
Issued under private placement at $0.40 per unit	233,000	0.40
Balance on December 31	1,112,000	0.24

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

(Expressed in Canadian dollars)

	Issued under $0.20 per unit private placement	Issued under $0.40 per unit private placement
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

The fair value of the broker warrants issued under private placement of $0.20 per unit was estimated to be $35,329(2022: $nil). The fair value of the broker warrants issued under private placement of $0.40 per unit was estimated to be $23,849 (2022: $nil).

In addition, there are 10,000,000 performance warrants outstanding, as disclosed in note 7.

(e) Restricted Shares Unites (RSUs)

The RSUs plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company. The RSUs plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent. Unless otherwise set forth in the RSUs Agreement, RSUs vest 50% on the first anniversary of the grant date, and the remaining 50% on the second anniversary of the grant date.

As at December 31, 2023, 712,500 RSUs were granted to settle payable of $285,000 to key management personnel against their services rendered from July to December 2023. These RSUs will vest equally in the year ended 31 December 2024, and 2025. No common shares were issued against these RSUs.

9. Income taxes

A reconciliation between tax expense and the product of accounting loss multiplied by the Group's domestic tax rate for the years ended December 31, 2023, and 2022, is as follows:

		2023	2022
Net loss before income taxes	$	(1,483,543)	(224,109)
Statutory Canadian tax rate		26.50%	26.50%
Expected income tax recovery based on statutory rate		393,139	59,389
Accelerated depletion		(1,856)	-
Change in unrecognized deferred tax assets		(391,283)	(59,389)
	$	-	-

(Expressed in Canadian dollars)

The significant components of the Group's deferred tax assets, resulting from temporary differences, unused tax losses, that have not been included on the statements of financial position, are as follows:

		2023	2022
Non-capital loss carried forward	$	450,672	59,389
Less: valuation allowance		(450,672)	(59,389)
	$	-	-

These deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Group will be able to use these potential benefits.

As at December 31, 2023, the Group has non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

		Amount
2042	$	224,109
2043		1,476,543
Total	$	1,700,652

10. Related party balances and transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel include the Group's executive officers and members of the board of directors.

The Group incurred the following transactions with key management personnel during the year ended December 31, 2023, and 2022:

		2023	2022
Consulting fees	$	965,000	200,000

11. Capital management

The Group's objectives for managing capital are:

(i) to maintain a flexible capital structure which optimizes the cost/risk equation; and
(ii) to manage capital in a manner that maximizes the interests of stockholder.

The Group considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is appropriate. As at December 31, 2023 and 2022, the Group was not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

12. Financial instruments and associated risks

(a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Following is the summary of the financial instruments as at December 31, 2023, and 2022:

		2023	2022
Financial assets:			
Cash	$	142,399	44,728
Term deposit		-	101,163
Accounts receivable		130,938	5,000
	$	273,337	150,891
Financial liabilities:			
Accounts payable and accrued liabilities	$	404,957	10,000
	$	404,957	10,000

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at December 31, 2023, and 2022.

(b) Risk management

A summary of the Group's risk exposures as it relates to financial instruments are reflected below:

(i) Market risk

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

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023 and 2022, the Group has determined its exposure to interest rate risk is minimal.

<u>Foreign currency risk</u>

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Group is not exposed to significant foreign currency risk as most of its financial instruments are not denominated in currencies other than its functional currency.

(Expressed in Canadian dollars)

Other price risk

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

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is limited to its cash, term deposit and accounts receivable.

Cash and term deposit are held with a reputable financial institution and are closely monitored by management. As at December 31, 2023, the Group has $nil (2022 - $nil) of impaired accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity and operating results may be adversely affected if the Group's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Group. During 2023 and 2022, the Group generated cash flow primarily from its financing activities.

The following are the remaining undiscounted contractual maturities of financial liabilities at December 31:

		Carrying value	less than 6 months	7 - 12 months	Over 12 months
2023					
Accounts payable and accrued liabilities	$	404,957	119,957	142,500	142,500
	$	404,957	119,957	142,500	142,500
2022					
Accounts payable and accrued liabilities	$	10,000	10,000	-	-
	$	10,000	10,000	-	-

13. Subsequent events

(a) During the period from April 25, 2024, to May 14, 2024, the Company completed two tranches of an ongoing non-brokered private placement, consisting of 1,503,225 units at a unit price of $0.40 per unit for an aggregate amount of $601,290. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.40 for a period of three years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number. of units sold by the broker with an exercise price of $0.40 for a period of three years from the closing.

(b) Effective January 17, 2024, the Company entered into a royalty purchase agreement with Mina Tucano Ltda. ("Tucano"), whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Tucano Gold project located in Brazil for a consideration of $1,000,000 payable in 2,500,000 units at a deemed value of $0.40 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.40 for a period of three years following the closing.

(c) As outlined in note 7, the Company acquired an additional royalty of 8.55% on April 26, 2024, by amending the royalty purchase agreement previously signed and by paying an additional amount of US$190,000.

(d) Amalgamation agreement

Subsequent to the date reporting date, the Company has signed a letter of intent and is in the process of signing definitive amalgamation agreement with 1287412 B.C. Ltd. which is a reporting issuer in the Provinces of British Columbia and Alberta, and it is expected that the combined entity resulting from the transaction will have its common shares listed on the Cboe Exchange by way of listing statement in the form of a non-offering prospectus.