



CONDOR RESOURCES INC.

Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Condor Resources Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Condor Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2023 and 2022 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<p><i>Refer to note 3(a) – Accounting policy Exploration and evaluation assets, note 4 – Critical accounting estimates and judgements and Note 7 – Exploration and evaluation assets</i></p> <p>Management assesses at each reporting period whether there is an indication that the carrying value of the exploration and evaluation assets may not be</p>	<p>Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:</p> <ul style="list-style-type: none"> • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.

recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the mineral properties.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
June 26, 2023

CONDOR RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

	As at February 28,	
	2023	2022
ASSETS		
Current		
Cash and cash equivalents	\$ 537,988	\$ 269,815
Prepaid expenses	17,536	10,102
Accounts receivable	2,630	1,600
Marketable securities (Note 5)	133,052	90,000
Other receivable (Note 8)	902,465	445,339
Total Current Assets	1,593,671	816,856
Non-Current Assets		
Equipment (Note 6)	26,531	32,687
Exploration and evaluation assets (Note 7)	3,210,335	2,946,203
Other receivable (Note 8)	2,362,976	2,538,634
Total Non-Current Assets	5,599,842	5,517,524
TOTAL ASSETS	\$ 7,193,513	\$ 6,334,380
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 101,751	\$ 101,869
Loan (Note 10)	40,000	40,000
TOTAL LIABILITIES	141,751	141,869
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	22,374,913	22,374,913
Contributed surplus (Note 11)	4,007,160	3,587,314
Deficit	(19,330,311)	(19,769,716)
TOTAL SHAREHOLDERS' EQUITY	7,051,762	6,192,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,193,513	\$ 6,334,380

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

Approved on behalf of the Board:

"Robert Boyd" Director

"Lyle Davis" Director

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(expressed in Canadian dollars)

	For the Years Ended February 28,	
	2023	2022
Administrative expenses		
Foreign exchange loss	\$ 23,203	\$ 6,762
Insurance	14,897	13,106
Investor relations	2,260	2,493
Management fees and consulting fees	189,210	170,865
Office and miscellaneous	7,416	21,209
Professional fees	60,278	44,678
Project generation	53,944	51,687
Regulatory fees	27,683	30,722
Stock-based compensation	419,846	25,356
Travel and entertainment	7,226	-
	(805,963)	(366,878)
Other items		
Write-off of exploration and evaluation assets (Note 7)	(389,608)	-
Interest income	-	530
Other income (Note 7(p))	1,264,453	345,057
Revaluation of other receivable (Note 8)	511,988	278,819
Gain on sale of marketable securities	4,000	-
Unrealized loss on marketable securities (Note 5)	(145,465)	(138,000)
	1,245,368	486,406
Net Income and Comprehensive Income for the Year	\$ 439,405	\$ 119,528
Basic And Diluted Income Per Share Outstanding	\$ 0.00	\$ 0.00
Weighted Average Number Of Shares Outstanding	126,882,308	125,870,993

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)

For the Years Ended February 28,

	2023	2022
Cash and cash equivalents provided by (used in):		
Operating Activities		
Net income for the year	\$ 439,405	\$ 119,528
Items not affecting cash:		
Stock-based compensation	419,846	25,356
Write-off of exploration and evaluation assets	389,608	-
Unrealized loss on marketable securities	145,465	138,000
Gain on sale of marketable securities	(4,000)	-
Revaluation of other receivable	(511,988)	(278,819)
Recoveries included in income and reclassified to investing activities	(1,264,453)	(345,057)
Changes in non-cash operating working capital items:		
(Increase) decrease in prepaid expenses	(7,434)	2,391
(Increase) decrease in accounts receivable	(1,030)	7,682
Decrease in accounts payable and accrued liabilities	(5,264)	(10,498)
	(399,845)	(341,417)
Investing Activities		
Exploration and evaluation expenditures	(897,002)	(741,729)
Expenditure recoveries/option proceeds	1,313,500	626,620
Proceeds from sale of Peruvian subsidiary	230,520	-
Sale of marketable securities	21,000	-
	668,018	(115,109)
Financing Activities		
Share capital issued	-	171,000
	-	171,000
Increase (decrease) in cash and cash equivalents during the year	268,173	(285,526)
Cash and cash equivalents - beginning of year	269,815	555,341
Cash and cash equivalents - end of year	\$ 537,988	\$ 269,815

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, February 28, 2021	125,022,308	\$ 22,062,419	\$ 3,703,452	\$ (19,889,244)	\$ 5,876,627
Warrants exercised	100,000	11,500	-	-	11,500
Options exercised	1,760,000	159,500	-	-	159,500
Fair value of options exercised	-	141,494	(141,494)	-	-
Stock-based compensation	-	-	25,356	-	25,356
Net income and comprehensive income for the year	-	-	-	119,528	119,528
Balance, February 28, 2022	126,882,308	22,374,913	3,587,314	(19,769,716)	6,192,511
Stock-based compensation	-	-	419,846	-	419,846
Net income and comprehensive income for the year	-	-	-	439,405	439,405
Balance, February 28, 2023	126,882,308	\$ 22,374,913	\$ 4,007,160	\$ (19,330,311)	\$ 7,051,762

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

1. NATURE AND CONTINUANCE OF OPERATIONS

Condor Resources Inc. (the “Company”) was incorporated in British Columbia on November 26, 2003. The company’s primary business is the acquisition and exploration of mineral properties and is considered to be an exploration stage company.

The Company is listed on the TSX Venture Exchange (“TSX-V”), having the symbol CN-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is Suite 615 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

The Company is currently engaged in the exploration and development of mineral properties in Peru and has not yet determined whether its properties contain ore reserves that are economically recoverable and, to date, the Company has not generated any revenue from operations. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As of February 28, 2023, the Company has not generated any revenues and has incurred losses of \$19,330,311 (February 28, 2022 - \$19,769,716) since inception. The Company’s continued existence and plans for future growth depend on its ability to obtain additional capital.

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

The above material uncertainties raise significant doubt about the Company’s ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company’s continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

2. BASIS OF PRESENTATION AND MEASUREMENT

(a) Statement of Compliance

These consolidated financial statements of the Company for the years ended February 28, 2023 and February 28, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on June 26, 2023.

(b) Financial Statement Presentation

These financial statements include the accounts of the Company, its 100% owned Peruvian subsidiaries, Condor Exploration Peru S.A.C. and Minas Qolque S.A.C., and its 85%-owned Peruvian subsidiary, Ferroaluminios Peru No.4 S.A.C. The Company also holds a 34% interest in Minera El Dorado Ocos S.A.C. (see Note 7(b)), which is accounted for under the equity method. All significant inter-company transactions and balances have been eliminated on consolidation. All amounts are stated in Canadian dollars unless otherwise indicated.

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
Condor Exploration Peru S.A.C.	Peru	100%	Carries out business for Peruvian properties
Ferroaluminios Peru No.4 S.A.C.	Peru	85%	Carries out business for Peruvian properties
Minera El Dorado Ocos S.A.C.	Peru	34%	Carries out business for a Peruvian property
Minas Qolque S.A.C.	Peru	100%	Carries out business for a Peruvian property

On December 21, 2020, the Company entered into an agreement to sell its formerly 100% owned Peruvian subsidiary, Minas Lucero Del Sur S.A.C. ("MLDS") See Note 7(h). The accounts of this subsidiary were consolidated up to the date of disposition.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Exploration and evaluation assets

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

The Company capitalizes mineral property expenditures applicable to property interests for which it has an exploration license as deferred mineral property costs.

The costs of acquiring mineral properties and exploration expenditures are deferred until such time as the mineral properties are placed into production or the prospect is determined by management to be impaired, or is abandoned. Upon production, the deferred costs are amortized on a unit-of-production basis while in circumstances of impairment or abandonment the costs are written off.

Any option or royalty payments received by the Company from third parties are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Title to mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of the Company's knowledge, titles to all of its properties are in good standing.

(b) Stock-based compensation

The Company accounts for stock-based compensation using the fair value-based method with respect to all stock-based payments to directors, employees and non-employees. Under the fair value-based method, stock-based compensation is measured at fair value and recognized in operations over the vesting period. Fair value is determined using the Black-Scholes option pricing model. Any consideration paid on exercise of stock options together with the related fair value previously recognized in contributed surplus is credited to share capital.

(c) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital at the amount for which the stock option and warrant enabled the holder to purchase shares of the Company. Share capital issued for non-monetary consideration is recorded at fair value based on the quoted market price on the date of issuance. Share issue costs, which include commissions and professional and regulatory fees are charged directly to share capital.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

The functional and reporting currency of the Company, inclusive of the accounts of each of its consolidated subsidiaries, is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in operations.

(e) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are recorded at fair value and are subsequently classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

The Company's financial instruments are classified and subsequently measured as follows:

Financials Assets	Classification
Cash and cash equivalents	Amortized cost
Accounts receivables (excluding sales tax receivable)	Amortized cost
Marketable securities	FVTPL
Other receivable	FVTPL
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loan	Amortized cost

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

The classification of financial assets is based on how the entity manages its financial instruments and the contractual cash flow characteristics of each financial asset. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of income (loss).

(g) Income (Loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

(h) Impairment

At each reporting period, management reviews mineral properties for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

(i) Cash and cash equivalents

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restrictions or penalties.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Equipment

Equipment is recorded at cost. Amortization is recorded on a declining balance basis over the estimated useful lives of the related assets at the following annual rates:

Office furniture and equipment	20%
Computer equipment	50%
Motor vehicles	20%

(k) New accounting standards and interpretations issued but not yet effective:

The Company has reviewed any new and revised accounting pronouncements that are issued and effective as of March 1, 2022 and has determined that these new and revised standards did not have a material impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Financial statement items that are subject to significant estimation uncertainty include the valuation of stock-based compensation and the carrying value of exploration and evaluation assets.

In addition, as disclosed in Note 8, the Company's carrying amount for the other receivable is derived based on variables which involve significant uncertainty and estimation, including inputs used in the determination of the current value of the receivable and the effect of changes in foreign exchange rates.

The judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

i) Critical judgment is applied for the determination of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the Company and its subsidiaries, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

ii) The Company has selected a policy of capitalizing exploration and evaluation expenditures that it has an exploration license in as exploration and evaluation assets. Acquisition and exploration costs incurred in respect to a particular property interest before the formal exploration licenses are acquired, but where such subsequent acquisition can be reasonably assured, are also capitalized as exploration and evaluation assets. At each period end, management applies its judgment in determining whether facts and circumstances suggest that the carrying amount of the asset exceeds its recoverable amount, and if so, the carrying value of the asset is tested for impairment.

iii) Critical judgment and estimates are applied for the determination that the Company will continue as a going concern for the next year.

5. MARKETABLE SECURITIES

Marketable securities consist of 1,579,310 common shares of Chakana Copper Corp. ("Chakana") that were received during fiscal 2019, 2020 and 2023 as described at Note 7(f), and 250,000 common shares of Element79 Gold Corp. that were received during fiscal 2023. These marketable securities are stated at their February 28, 2023 fair market value of \$133,052. During the year ended February 28, 2023, the Company sold 200,000 common shares of Chakana for gross proceeds of \$21,000. During the year ended February 28, 2022, the Company did not sell any marketable securities.

6. EQUIPMENT

	Computer equipment	Motor vehicle	Office furniture and equipment	Total
COST				
Balance, February 28, 2021	\$ 18,283	\$ 38,378	\$ 10,433	\$ 67,094
Additions	-	-	-	-
Balance, February 28, 2022	\$ 18,283	\$ 38,378	\$ 10,433	\$ 67,094
Additions	-	-	-	-
Balance, February 28, 2023	\$ 18,283	\$ 38,378	\$ 10,433	\$ 67,094
AMORTIZATION				
Balance, February 28, 2021	\$ 18,060	\$ 1,280	\$ 5,692	\$ 25,032
Amortization	223	7,280	1,872	9,375
Balance, February 28, 2022	\$ 18,283	\$ 8,560	\$ 7,564	\$ 34,407
Amortization	-	5,416	740	6,156
Balance, February 28, 2023	\$ 18,283	\$ 13,976	\$ 8,304	\$ 40,563
CARRYING AMOUNTS				
Balance, February 28, 2022	\$ -	\$ 29,818	\$ 2,869	\$ 32,687
Balance, February 28, 2023	\$ -	\$ 24,402	\$ 2,129	\$ 26,531

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS

The following schedules of mineral property costs set forth the expenditures incurred on these properties as at February 28, 2023 and February 28, 2022.

	As at February 28, 2023	As at February 28, 2022
Acquisition costs	\$ 62,509	\$ 62,509
Deferred exploration costs	2,658,503	2,413,912
	<u>2,721,012</u>	<u>2,476,421</u>
IGV taxes	489,323	469,782
Total	<u>\$ 3,210,335</u>	<u>\$ 2,946,203</u>

As their recoverability from government authorities is uncertain, IGV input credits are capitalized and included within the carrying value of the related property interests. Any amounts ultimately recovered will therefore be offset against the related deferred costs or included in income if such costs have been expensed.

IGV is a form of value-added tax levied on expenditures incurred in Peru.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

**Schedule of Exploration and Evaluation assets – Peru
For the Year Ended February 28, 2023**

	Pucamayo	Ocros	Chavin	Quriurqu	San Martin	Soledad	Humaya	Huinac Punta	Andrea	Quilisane	Cobreorco	Cantagallo	Rio Bravo	Total
Acquisition costs														
Balance, as at March 1, 2022	\$ 62,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,509
Additions during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, as at February 28, 2023	62,509	-	-	-	-	-	-	-	-	-	-	-	-	62,509
Exploration and evaluation expenditures														
Balance, as at March 1, 2022	1,072,694	-	209,319	139,526	313,528	-	13,188	366,606	67,149	28,946	200,607	2,349	-	2,413,912
Additions during the period														
Property tenure	35,464	-	4,383	4,368	2,351	-	2,758	14,658	8,669	1,576	20,002	788	3,941	98,958
Community relations	141,951	-	-	-	-	-	-	-	-	-	-	-	-	141,951
Geochemistry	-	-	-	-	-	-	-	-	-	34	-	-	-	34
Office and technical support	174,763	19,848	14,019	9,064	15,899	254,564	444	82,575	8,771	1,455	66,418	-	-	647,820
	352,178	19,848	18,402	13,432	18,250	254,564	3,202	97,233	17,440	3,065	86,420	788	3,941	888,763
Balance, as at February 28, 2023	1,424,872	19,848	227,721	152,958	331,778	254,564	16,390	463,839	84,589	32,011	287,027	3,137	3,941	3,302,675
Write-off of exploration and evaluation assets	(26,129)	-	(31,701)	-	(331,778)	-	-	-	-	-	-	-	-	(389,608)
Proceeds of option payments	-	-	-	-	-	(254,564)	-	-	-	-	-	-	-	(254,564)
Overall balances, as at February 28, 2023	\$ 1,461,252	\$ 19,848	\$ 196,020	\$ 152,958	\$ -	\$ -	\$ 16,390	\$ 463,839	\$ 84,589	\$ 32,011	\$ 287,027	\$ 3,137	\$ 3,941	\$ 2,721,012

Costs are exclusive of IGV taxes incurred

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

**Schedule of Exploration and Evaluation assets – Peru
For the Year Ended February 28, 2022**

	Pucamayo	Ocros	Chavin	Quriurqu	San Martin	Soledad	Humaya	Huinac Punta	Andrea	Quilisane	Cobreorco	Cantagallo	Total
Acquisition costs													
Balance, as at March 1, 2021	\$ 62,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,509
Additions during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, as at February 28, 2022	62,509	-	-	-	-	-	-	-	-	-	-	-	62,509
Exploration and evaluation expenditures													
Balance, as at March 1, 2021	874,998	24,280	179,194	127,655	298,911	-	8,498	282,957	49,252	19,396	93,665	1,597	1,960,403
Additions during the period													
Property tenure	42,470	-	14,603	4,166	2,243	-	4,524	3,832	9,772	6,905	28,041	752	117,308
Community relations	39,402	-	-	-	-	-	-	-	-	-	-	-	39,402
Geochemistry	-	-	-	-	-	-	-	-	-	1,066	-	-	1,066
Office and technical support	115,824	32,110	15,522	7,705	12,374	225,173	166	79,817	8,125	1,579	78,901	-	577,296
	197,696	32,110	30,125	11,871	14,617	225,173	4,690	83,649	17,897	9,550	106,942	752	735,072
Balance, as at February 28, 2022	1,072,694	56,390	209,319	139,526	313,528	225,173	13,188	366,606	67,149	28,946	200,607	2,349	2,695,475
Proceeds of option payments	-	(56,390)	-	-	-	(225,173)	-	-	-	-	-	-	(281,563)
Overall balances, as at February 28, 2022	\$ 1,135,203	\$ -	\$ 209,319	\$ 139,526	\$ 313,528	\$ -	\$ 13,188	\$ 366,606	\$ 67,149	\$ 28,946	\$ 200,607	\$ 2,349	\$ 2,476,421

Costs are exclusive of IGV taxes incurred

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

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(a) Ocros and Pucamayo – Combined Amended Agreement: Option to acquire an 85% interest

On February 16, 2009 the Company replaced and superseded its original agreements dated August 21, 2007 on the Ocros, Pucamayo and Condor de Oro prospects.

Pursuant to the February 16, 2009 Amended Peruvian Property Agreement (“Amended Agreement”), the Company paid USD \$400,000 and issued 2,000,000 common shares at a value of \$670,000 to acquire an 85% working interest in each of the Ocros, Pucamayo and Condor de Oro prospects from the property vendor. On the execution and delivery of the agreement, \$95,000 in advances to the property vendor for title perfection for the prospects was forgiven and recorded as acquisition costs. The Company forfeited its interest and allowed the title to lapse in all the original Pucamayo concessions, except Pucamayo 14, prior to March 1, 2016. The Company also forfeited its interest and allowed the title to lapse in the Condor de Oro property in June 2016.

The vendor, a private company controlled by a senior officer of the Company retained a royalty of one per cent (1%) of the “net smelter return” (“NSR”) derived from each of the Ocros concessions and the Pucamayo 14 concession (the “Properties”). The Company shall have the exclusive right to purchase the royalty on one or more of the Properties at any time on payment to the vendor of the sum of USD \$2,000,000 per property.

The vendor will receive an additional 1,000,000 common shares in the capital of the Company on the completion and publication of a positive feasibility study on any or all of the Properties which indicates that commercial production for the applicable property is feasible.

In this agreement “Feasibility Study” shall have the meaning set out in NI 43-101, or such successor policy as may be adopted from time to time by the Canadian Securities Administrators.

Following the closing, the holder of the 15% interest in each of the Properties, a party related to a senior officer of the Company, became a carried and non-contributing interest. The Company will fund all of the vendor’s costs to the commencement of commercial production, such costs to be repaid to the Company, with interest at the Canadian prime rate plus 2%, from 100% of the vendor’s production revenues.

In February 2017, the Company assigned the royalty buyback rights on the Ocros concessions and Pucamayo 14 concession to Sandstorm Gold Ltd. (“Sandstorm”) for consideration of \$100,000.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)

(b) Ocros, Ocros Province – option granted

In May 2017, a Comprehensive Agreement (the “Ocros Agreement”) was signed with Compañía Minera Virgen de la Merced S.A.C. (“Merced”) with respect to the Ocros project. Under the Ocros Agreement, Merced had two exclusive options to earn up to a 70% interest in the Ocros concessions over a period of four years.

During the year ended February 28, 2021, Merced completed the first option and earned a 51% interest in the property by having made the following cash payments to the Company and having completed exploration work as follows:

- i. US \$75,000 upon signing the Ocros Agreement (received);
- ii. complete 2,000 metres of diamond drilling on or before May 16, 2018 (the first anniversary of the effective date of the agreement (May 16, 2017)) (completed);
- iii. US \$75,000 on or before May 16, 2018 (received);
- iv. US \$75,000 on or before May 16, 2019 (received);
- v. complete a cumulative total of 4,000 metres of diamond drilling on the Ocros Property on or before May 16, 2019 (completed);
- vi. US \$25,000 on or before May 16, 2020, or two months after the date on which an aggregate of 6,000 metres of diamond drilling has been conducted, whichever comes first (received); and
- vii. complete a cumulative total of 6,000 metres of diamond drilling on or before May 16, 2020 (completed).

Merced did not complete the second option to earn an additional 19% interest, thereby resulting in Merced maintaining a 51% interest in the property.

In October 2021, the Company, Merced and a third party entered into a share option agreement whereby the parties agreed to transfer their respective ownership interests in the Ocros project into a new entity, Minera El Dorado Ocros S.A.C. (“MDO”), and to convert their ownership interest in the project into shares of MDO. At the date of the agreement, the Company, Merced and the third party respectively owned 34%, 51% and 15% of issued share capital of MDO.

Per the terms of the share option agreement, Merced has the option to acquire the Company’s 34% interest in MDO by making cash payments to the Company in the aggregate of US \$1,000,000, with the first payment of US \$100,000 due on signing (received), and further payments of US \$100,000 due every three months thereafter. Merced has not made the payments that were due in January, April, July and October 2022, and January 2023. Discussions are ongoing between the Company and Merced to resolve the situation.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Pucamayo, Chinca, Yauyos, and Castrovirreyña Provinces

Subsequent to the February 16, 2009 agreement, the Company dropped all but the Pucamayo 14 concession, and acquired by staking one concession to the east and 2 concessions to the south of Pucamayo 14. These added concessions were not subject to the provisions of the February 16, 2009 agreement and thus owned 100% by the Company. As at March 1, 2016 the project consisted of 19 sq. km., with the Company holding an 85% interest in 6 sq. km. (Pucamayo 14), and a 100% interest in 13 sq. km. of staked concessions. During the fiscal year ended February 28, 2017, the Company acquired unencumbered title to a 100% interest in 94 sq. km. of mineral concessions, and in May 2018 acquired another 2 sq. km. concession by staking. In June 2019, the Company relinquished two concessions, and the total area of the Pucamayo concessions was 109 sq km. In February 2017, the Company sold a 0.5% NSR royalty on all the Pucamayo concessions except for Pucamayo 14, to Sandstorm for \$50,000.

During the year ended February 28, 2023, the Company dropped two buffer concessions reducing the total project area to 85 sq km. At February 28, 2023, the Company wrote-off \$26,129 in deferred exploration costs related to these two concessions.

(d) Chavin, Santa Province

During the year ended February 28, 2010, the Company acquired two concessions by staking in the Province of Santa, referred to as the Chavin project. During the year ended February 28, 2011, a third concession was acquired by staking.

In November 2015, the Company concluded a production royalty agreement with Compañía Minera Casapalca S.A. ("Casapalca") on the Chavin project. In February 2017, the Company sold a 50% interest in its annual production royalty at Chavin to Sandstorm for \$50,000. In November 2018, Casapalca terminated the production royalty agreement and returned the original three concessions as well as five adjoining concessions to the Company, bringing the total project area to approximately 42 sq km. On termination of the Casapalca production royalty agreement, Sandstorm's interest at Chavin converted to a 0.5% NSR.

During the year ended February 28, 2023, the Company dropped five concessions reducing the total project area to 14 sq km. At February 28, 2023, the Company wrote-off \$31,701 in deferred exploration costs related to these five concessions.

(e) San Martin, Castilla Province

During the year ended February 28, 2010, the Company acquired, by staking, one concession in the Province of Castilla for a nominal amount. In 2015, a second contiguous concession was acquired by staking for a nominal amount.

The Company continues to maintain its title and intends to either complete future exploration work or option this property. In February 2017, the Company sold a 0.5% NSR on the San Martin project to Sandstorm for \$50,000. At February 28, 2023, the Company wrote-off \$331,778 in deferred exploration costs related to the San Martin property.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)

(f) Soledad, Aija Province

In late 2011, the Company acquired, by sealed bid auction, a 100% interest in one concession in north-central Peru. A second and third concession were acquired by staking in 2015 and 2017.

In April 2017, a Comprehensive Agreement (the "Agreement") was signed with Chakana Resources S.A.C. ("Chakana") with respect to the Soledad project. Pursuant to the Agreement, Chakana has the option to earn a 100% interest in Soledad, over a period of 4.5 years, subject to a 2% NSR in favour of the Company. To earn the 100% interest, Chakana is required to:

- a. complete the following drilling:
 - i. complete a minimum of 3,000m of drilling (or work equivalent) by December 23, 2018 (complete);
 - ii. complete a cumulative total of 5,500m of drilling (or work equivalent) by December 23, 2019 (complete);
 - iii. complete a cumulative total of 8,500m of drilling (or work equivalent) by December 23, 2020 (complete);
 - iv. complete a cumulative total of 12,500m of drilling (or work equivalent) by December 23, 2021 (complete).
- b. make the following cash payments:
 - i. US \$10,000 upon signing the MOU (received);
 - ii. US \$15,000 upon signing the Agreement (received);
 - iii. US \$25,000 by December 23, 2017 (received);
 - iv. US \$50,000 by June 23, 2018 (received);
 - v. US \$50,000 by December 23, 2018 (received);
 - vi. US \$75,000 by June 23, 2019 (received);
 - vii. US \$75,000 by December 23, 2019 (received);
 - viii. US \$100,000 by June 23, 2020 (received);
 - ix. US \$150,000 by December 23, 2020 (received);
 - x. US \$200,000 by June 23, 2021 (received);
 - xi. US \$200,000 by December 23, 2021 (received);
 - xii. US \$4,425,000 by April 23, 2022.
- c. issue 500,000 Chakana Resources Corp. shares to Condor by June 23, 2018, provided Chakana has not terminated the Agreement (received).

In April 2022, the Company entered into an addendum to the Agreement with Chakana with respect to the April 23, 2022 scheduled payment of US \$4,425,000. Pursuant to the addendum, the due date of this payment was extended to June 23, 2022. On signing the addendum, Chakana paid US \$200,000 towards the final payment.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

(f) Soledad, Aija Province (continued)

In June 2022, the Company and Chakana entered into an amended option agreement (the “Amended Agreement”) whereby they amended the payment terms of the US \$4,225,000 due on June 23, 2022. Per the terms of the Amended Agreement, Chakana must:

- i. pay US \$800,000 (received) and issue \$200,000 worth of Chakana common shares (received 1,379,310 common shares) by June 23, 2022;
- ii. pay US \$1,000,000 (received subsequent to February 28, 2023) and issue \$200,000 worth of Chakana common shares by June 23, 2023 (received 1,379,310 common shares subsequent to February 28, 2023);
- iii. pay US \$1,000,000 and issue \$200,000 worth of Chakana common shares by June 23, 2024; and
- iv. pay US \$1,425,000 and issue \$400,000 worth of Chakana common shares by June 23, 2025.

The number of Chakana shares to be issued per the Amended Agreement will be based on the greater value of (i) the ten (10) day volume-weighted average trading price on the TSX-V of the Chakana common shares at the date of issuance of the Chakana common shares, or (ii) the price per share of \$0.145.

In April 2019, the NSR was amended, whereby Condor received 900,000 Chakana shares and US \$275,000 cash in consideration for reducing the royalty it would retain on exercise of the purchase option from a 2% NSR to a 1% NSR. Chakana will have the right to buy down Condor’s remaining 1% NSR to a 0.5% NSR by further payment of US \$1,000,000. Pre-production NSR payments scheduled to commence in 2022 have also been eliminated.

In the event Chakana does not exercise their option to acquire the Soledad concessions, Chakana will retain a 1% NSR royalty on the concessions, which Condor will have the option to reduce to a 0.5% NSR by payment of US \$1,000,000.

(g) Quriurqu; Aija and Huarmey Provinces

In February 2012, the Company acquired, by staking, one concession located both in the Provinces of Aija and Huarmey for a nominal amount. In January 2016, the Company petitioned for 6 sq. km. contiguous and to the south of Quriurqu, and secured this area at a sealed bid auction conducted by the Ministry of Energy & Mines in September bringing the total to 8.5 sq. km. A third 2.5 sq km concession was acquired by sealed bid auction in March 2023.

The Company continues to maintain its title and intends to complete future exploration work or option this property. In February 2017, the Company sold a 0.5% NSR on the Quriurqu project to Sandstorm for \$50,000.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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For the Years Ended February 28, 2023 and February 28, 2022

7. EXPLORATION AND EVALUATION ASSETS (continued)

(h) Lucero, Castilla Province

The Company originally acquired by staking three concessions totaling 21 sq. km.

In November 2015, the Company concluded a production royalty agreement with Compañía Minera Casapalca S.A. (“Casapalca”) on the Lucero project. In February 2017, the Company sold 50% of Condor’s production royalties to Sandstorm for \$50,000. In November 2019, Casapalca provided notice of termination of the production royalty agreement. On termination of the Casapalca production royalty agreement, Sandstorm’s interest at Lucero converted to a 0.5% NSR, and 9 additional concessions were transferred from Casapalca to MLDS.

In December 2020, the Company entered into an agreement with Calipuy Resources Inc. (“Calipuy”), a BC private company, whereby Calipuy purchased Condor’s wholly-owned Peruvian subsidiary, MLDS. The principal asset of MLDS is the Lucero project.

Total consideration paid by Calipuy will be US\$3.5 million, payable over six years as follows:

- i. US \$90,000 on the December 21, 2020 (received);
- ii. US \$75,000 on or before June 21, 2022 (received);
- iii. US \$300,000 on or before December 21, 2022 (received);
- iv. US \$500,000 on or before December 21, 2023;
- v. US \$1,000,000 on or before December 21, 2024; and
- vi. US 1,535,000 on or before December 21, 2026.

Calipuy has the option to accelerate the payment schedule to three years, and in such event, the total consideration will be US \$3.0 million, with the final payment being reduced to US \$1,035,000. If the price of gold averages not less than US \$2,500/ounce over the 30-day period preceding the final payment date, the total consideration will increase to US\$4.0 million, with the final payment being US \$2,035,000. If the price of gold averages not less than US \$3,000/ounce over the 30-day period preceding the final payment date, the total consideration will increase to US\$6.0 million, with the final payment being US \$4,035,000.

During the term of the agreement, Condor has the right to participate in future Calipuy financings at a 20% discount to the financing price by converting part or all of any outstanding payments due from Calipuy to the purchase of common shares of Calipuy. Condor’s right to participate in a Calipuy financing is limited to 50% of the financing.

In December 2022, Condor and Element79 Gold Corp. (“Element79”), the parent company of Calipuy, agreed to reschedule the US \$300,000 payment due December 21, 2022 into two payments. The first payment of US \$100,000 was due on or before January 31, 2023 (received), and the balance of US \$200,000 was due on or before March 31, 2023 (received). As consideration for the rescheduled payments, Element79 issued 250,000 common shares to Condor. All other terms of the sale of Minas Lucero del Sur S.A.C. remain unchanged.

Sandstorm, Condor, Calipuy and MLDS have executed an NSR assignment agreement with respect to Sandstorm’s NSR, with Calipuy assuming the NSR obligations to Sandstorm.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)***(h) Lucero, Castilla Province (continued)***

The Company recognized a gain on the sale of MLDS in the amount of \$2,756,775. This amount is comprised of the following:

Present value of the total consideration received/receivable	\$	2,810,029
Net assets of MLDS on the date of disposition		(53,254)
Gain on sale of MLDS	\$	2,756,775

Refer also to Note 8.

(i) Humaya, Ayacucho Department

The Company previously acquired by staking one concession of 7 sq. km. In February 2017, the Company sold a 0.5% NSR on the Humaya project to Sandstorm for \$50,000.

(j) Quilisane, Puno Department

The Company originally acquired by staking, and sealed bid auctions, two concessions comprising a total area of 18.4 sq. km. In February 2017, the Company sold a 0.5% NSR on the Quilisane project to Sandstorm for \$50,000. In 2019, the Company reduced its holdings to 4 sq. km.

(k) Huiñac Punta, Huanuco Department

The Company acquired by staking one concession in 2016. In February 2017, the Company sold a 0.5% NSR on the Huiñac Punta project to Sandstorm for \$50,000. Two additional concessions were acquired in November 2017, for a total project area of approximately 20 sq. km. These additional concessions are also subject to the Sandstorm 0.5% NSR.

(l) Andrea, Ayacucho Department

The Company acquired a 100% interest in the 22 sq. km Andrea project by staking and by sealed bid auction conducted by the Peruvian Ministry of Energy and Mines. All costs incurred prior to the Company being granted title to Andrea were charged to project generation.

(m) Cobreorco, Apurimac Department

The Company acquired a 100% interest in approximately 50 sq. km by staking, and by sealed bid auctions conducted by the Peruvian Ministry of Energy and Mines.

(n) Cantagallo, Lima Department

The Company acquired one concession totaling 2 sq. km by staking in 2019.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

(o) Rio Bravo, Lima Department

The Rio Bravo project consists of two concessions, acquired by staking and sealed bid auction in late 2021, and early 2022, with a total area of 20 sq km.

(p) Other Income

Other income consists of proceeds from the sale of royalties or from the receipt of property option payments or sales proceeds on certain properties in excess of costs previously incurred and deferred by the Company in respect of those interests.

8. OTHER RECEIVABLE

Under the terms of the agreement with Calipuy (see Note 7(h)), the Company is owed US\$3.41 million over the period between February 28, 2021 and December 21, 2026. The total consideration receivable is variable dependent upon certain factors, those being the payment terms met by Calipuy and the future price of gold.

On the date of the agreement, the Company assessed the likelihood of receiving each consideration amount, assigning a 50% probability to receiving US\$3 million, a 50% probability to receiving US\$3.5 million, and a 0% probability to receiving US\$4 million or US\$6 million. The result was that the estimated total consideration to be received by the Company would be US\$3.25 million (Canadian dollar equivalent of \$4,060,284). The Company recorded this amount at its present value of \$2,694,387, using a discount rate of 10%.

The carrying value of the other receivable as at February 28, 2023 consists of the following:

Balance, February 28, 2021	\$	2,705,154
Accretion		267,713
Foreign exchange gain		11,106
Balance, February 28, 2022	\$	2,983,973
Payment received		(230,520)
Accretion		291,620
Foreign exchange gain		220,368
Balance, February 28, 2023	\$	3,265,441

The other receivable has been recorded as a financial asset at its fair value, reduced by the actual payments received (\$346,162 received to date) and subject to revaluation on an ongoing basis.

Amounts outstanding are classified as current in respect to the values applicable to the period ending one year from the balance sheet date; all residual balances are classified as non-current. At February 28, 2023 and February 28, 2022, the current and non-current amounts receivable are as follows:

	February 28, 2023		February 28, 2022	
Current portion	\$	902,465	\$	445,339
Non-current portion		2,362,976		2,538,634
Balance	\$	3,265,441	\$	2,983,973

CONDOR RESOURCES INC.

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For the Years Ended February 28, 2023 and February 28, 2022

9. RELATED PARTY TRANSACTIONS

The following amounts are due to related parties and are included in trade payables and accrued liabilities:

	February 28, 2023	February 28, 2022
Directors or officers of the Company	\$ 54,484	\$ 44,000

The Company incurred the following transactions with directors and companies controlled by directors of the Company:

	For the year ended February 28,	
	2023	2022
Professional fees	\$ 61,928	\$ 49,578

Key management personnel compensation:

	For the year ended February 28,	
	2023	2022
Management fees	\$ 161,312	\$ 159,226
Management fees capitalized to mineral properties	129,561	83,087
Management stock-based compensation	292,647	25,356
	\$ 583,520	\$ 267,669

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

10. LOAN

During the year ended February 28, 2021, the Company obtained federal government-sponsored financing by way of a \$40,000 line of credit, which converted to a two-year non-interest-bearing term loan on January 1, 2021. In October 2022, the Government of Canada advised that the non-interest-bearing term was extended by one year. If not repaid by December 31, 2023, the loan is extendable for a further two years, subject to annual interest of 5%.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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11. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited common shares			
Issued:			
Balance as at February 28, 2021	125,022,308	\$ 22,062,419	\$ 3,703,452
Warrants exercised	100,000	11,500	-
Options exercised	1,760,000	159,500	-
Fair value of options exercised	-	141,494	(141,494)
Stock-based compensation	-	-	25,356
Balance as at February 28, 2022	126,882,308	\$ 22,374,913	\$ 3,587,314
Stock-based compensation	-	-	419,846
Balance as at February 28, 2023	126,882,308	\$ 22,374,913	\$ 4,007,160

(a) Share Issuances

During the year ended February 28, 2023, no shares were issued.

During the year ended February 28, 2022:

- i. 1,760,000 incentive stock options were exercised for gross proceeds of \$159,500. \$141,494 was transferred from contributed surplus to share capital, being the fair value of the stock options exercised.
- ii. 100,000 share purchase warrants were exercised for gross proceeds of \$11,500.

(b) Stock Options

The Company has a stock option plan (the "Plan") whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a minimum term of five years. The board of directors has the exclusive power over the granting and vesting of options subject to exchange rules.

During the year ended February 28, 2023:

- i. the Company granted 500,000 incentive stock options with an exercise price of \$0.11 expiring on October 13, 2027 and the Company granted 4,575,000 incentive stock options with an exercise price of \$0.11 expiring on December 5, 2027; and
- ii. the Company recognized stock-based compensation expense of \$419,846.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

(b) Stock Options (continued)

During the year ended February 28, 2022:

- iii. 1,760,000 stock options were exercised for gross proceeds of \$159,500;
- iv. the Company granted 300,000 incentive stock options with an exercise price of \$0.15 expiring on November 30, 2026; and
- v. the Company recognized stock-based compensation expense of \$25,356.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2021	8,575,000	\$ 0.10
Granted	300,000	0.15
Exercised	(1,760,000)	0.09
Expired	(80,000)	0.08
Outstanding at February 28, 2022	7,035,000	0.11
Granted	5,075,000	0.11
Expired	(3,660,000)	0.12
Outstanding at February 28, 2023	8,450,000	\$ 0.10

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of the stock options granted during the year ended February 28, 2023 and the year ended February 28, 2022:

	For the Year Ended February 28, 2023	For the Year Ended February 28, 2022
Risk-free interest rate	3.59%	1.31%
Expected life of options	5 years	5 years
Annualized volatility	141.00%	141.00%
Dividend rate	N/A	N/A

CONDOR RESOURCES INC.

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11. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

(b) Stock Options (continued)

At February 28, 2023, the Company had the following incentive stock options outstanding entitling the holders thereof to acquire the following common shares in the Company:

Number of Options	Exercise Price	Expiry Date
500,000	\$0.07	February 13, 2024
100,000	\$0.06	February 13, 2024
2,475,000	\$0.10	June 19, 2025
300,000	\$0.15	November 30, 2026
500,000	\$0.11	October 13, 2027
4,575,000	\$0.11	December 5, 2027
8,450,000		

8,125,000 incentive stock options were exercisable at February 28, 2023. The weighted average remaining life of the outstanding incentive stock options at February 28, 2023 was 3.73 years (February 28, 2022 – 1.82 years).

See Note 16 – Subsequent events

(c) Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2021	23,866,667	\$ 0.12
Exercised	(100,000)	0.115
Expired	(6,666,667)	0.15
Outstanding at February 28, 2022	17,100,000	0.14
Expired	(4,000,000)	0.10
Outstanding at February 28, 2023	13,100,000	\$ 0.15

Share purchase warrants outstanding at February 28, 2023 are:

Number of Warrants	Exercise Price	Expiry Date
13,100,000	\$0.15	June 18, 2023

See Note 16 – Subsequent events

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

Fair value

All financial instruments are included on the Company's statement of financial position and are measured at either fair value or amortized cost.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable (excluding sales taxes receivable), marketable securities, other receivable, accounts payable and accrued liabilities and loan. The fair values of accounts receivable and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position as at February 28, 2023 and as at February 28, 2022 are all classified as Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other receivable. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions. However, there is credit risk associated with other receivable due to the current financial position of Element79, the parent company of Calipuy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 28, 2023, the Company had a cash balance of \$537,988 to settle current liabilities of \$141,751. All of the Company's financial liabilities are subject to normal trade terms.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company's current policy is to invest excess cash and cash equivalents in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As at February 28, 2023, the Company had \$Nil in interest bearing cashable on demand investment grade guaranteed investment certificates.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, other receivable and accounts payable and accrued liabilities that are denominated in United States Dollars and Peruvian Soles. As at February 28, 2023, approximately 87% of the Company's cash, 100% of its other receivable and 15% of its liabilities are denominated in United States Dollars and/or Peruvian Soles.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Political Uncertainty

In conducting operations in Peru, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Peru, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

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For the Years Ended February 28, 2023 and February 28, 2022

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

As at February 28, 2023, there was \$24,871 (February 28, 2022 - \$19,725) of exploration and evaluation expenditures included in accounts payable and accrued liabilities.

During the year ended February 28, 2023, amortization expense of \$6,156 (February 28, 2022 – \$9,375) was capitalized to mineral properties.

In June 2022, the Company received 1,379,310 common shares of Chakana at a fair value of \$165,517 pursuant to the Soledad amended property option agreement described in Note 7(f).

In December 2022, the Company received 250,000 common shares of Element79 at a fair value of \$40,000 pursuant to Note 7(h) and Note 8.

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Net income for the year	\$ 439,405	\$ 119,528
Statutory tax rate	30.50%	26.25%
Expected income tax payable	134,030	31,371
Non-deductible and deductible items and other	(49,900)	96,940
Effect of non-capital loss carryforwards	(84,130)	(128,311)
Income tax recovery	\$ -	\$ -

The components of the Company's deferred income tax assets and liabilities are as follows:

	2023	2022
Deferred tax assets:		
Non-capital loss carryforwards	\$ 1,838,530	\$ 1,709,910
Capital loss carryforwards	465,738	-
Share issue costs	3,645	5,670
Exploration expenditures and equipment	881,935	1,188,402
	3,189,848	2,903,982
Valuation allowance	(3,189,848)	(2,903,982)
Net deferred income tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses in Canada of approximately \$6,808,000 (2022 - \$6,609,000). These losses, if not utilized, will expire through to 2039. The Company does not have non-capital losses available for carry forward in Peru. Future tax benefits which may arise as a result of non-capital losses and resource expenditures have not been recognized in these financial statements and have been offset by a valuation allowance.

CONDOR RESOURCES INC.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years Ended February 28, 2023 and February 28, 2022

15. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to maintain its ability to continue as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage, and as such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management and remained unchanged during the year ended February 28, 2023 and the year ended February 28, 2022.

16. SUBSEQUENT EVENTS

Subsequent to February 28, 2023:

- i. 13,100,000 share purchase warrants were exercised for gross proceeds of \$1,965,000;
- ii. the Company received US \$1,000,000 and 1,379,310 common shares of Chakana per Note 7(f);
- iii. the Company received US \$200,000 from Element79 (See Note 7(h));
- iv. 825,000 incentive stock options were exercised for gross proceeds of \$97,750; and
- v. 325,000 incentive stock options were forfeited with a weighted average exercise price of \$0.12.