SOLIS MINERALS LTD.

(An Exploration Stage Company)

CONSOLIDATED
FINANCIAL STATEMENTS

For the Years Ended May 31, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Solis Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Solis Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2022 and 2021, 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of $3,118,728 during the year ended May 31, 2022 and, as of that date, the Company's accumulated deficit was $26,267,673. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

August 29, 2022

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	May 31, 2022	May 31, 2021
Assets		
Current		
Cash	$ 3,570,301	$ 2,548,807
Receivables (Note 6)	35,954	66,267
Prepaid expenses	110,063	27,985
	3,716,318	2,643,059
Non-Current		
Receivables (Note 6)	-	117,455
Deposits	-	28,843
Equipment (Note 7)	8,887	10,828
Exploration and evaluation assets (Note 4)	3,376,800	3,360,003
	$ 7,102,005	$ 6,160,188
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable (Note 6)	$ 376,549	$ 380,190
Accrued liabilities (Note 6)	149,697	104,986
Short-term borrowing (Note 8)	-	51,016
Derivative liability (Note 5)	449,916	-
	976,162	536,192
Shareholders' Equity		
Share capital (Note 5)	29,025,555	26,161,373
Reserves (Note 5)	3,367,961	2,611,568
Deficit	(26,267,673)	(23,148,945)
	6,125,843	5,623,996
	$ 7,102,005	$ 6,160,188

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board of Directors:

Signed *"Jason Cubitt"* , Director   Signed *" Chafika Eddine"* , Director

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

SOLIS MINERALS LTD.
(An Exploration Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended May 31,		
		2022		2021
Expenses				
Accounting, audit and legal	$	598,537	$	95,838
Accretion of office lease liability (Note 14)		-		7,895
Amortization of right-of-use asset (Note 14)		-		139,850
Amortization of equipment (Note 7)		1,941		2,512
Bank charges and interest		2,876		8,723
Consulting fees (Note 6)		588,974		200,286
Foreign exchange gain		(84,193)		(60,770)
Gain on change in fair value of warrants (Note 5)		(913,259)		-
Gain on settlement of accounts payable and accrued liabilities (Note 5)		(19,003)		(610,896)
Gain on settlement of short-term borrowing (Note 8)		-		(66,926)
Insurance		47,349		-
Loss on write-off of receivables (Note 6)		108,910		-
Management fees (Note 6)		122,500		57,500
Office		160,925		64,992
Property investigation		7,320		-
Regulatory and filing fees		156,512		28,825
Rent		49,573		-
Share-based compensation (Note 5)		253,300		322,100
Shareholder Communications		125,316		13,094
Sublease office rent income (Note 14)		-		(89,625)
Travel and entertainment		18,978		-
Write-off of exploration and evaluation assets (Note 4)		1,892,172		71,575
Loss and comprehensive loss	$	(3,118,728)	$	(184,973)
Loss per common share, basic and diluted	$	(0.07)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		45,515,284		15,879,286

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total shareholders' equity**
Balance - May 31, 2020	**9,454,099**	**$ 22,505,856**	**$ 2,289,468**	**$ (22,963,972)**	**$ 1,831,352**
Private placements	20,742,151	3,452,090	-	-	3,452,090
Shares issuance costs	-	(203,838)	-	-	(203,838)
Shares issued for debt settlement	2,545,404	407,265	-	-	407,265
Share-based compensation	-	-	322,100	-	322,100
Loss and comprehensive loss for the year	-	-	-	(184,973)	(184,973)
Balance - May 31, 2021	**32,741,654**	**$ 26,161,373**	**$ 2,611,568**	**$ (23,148,945)**	**$ 5,623,996**
Balance - May 31, 2021	**32,741,654**	**$ 26,161,373**	**$ 2,611,568**	**$ (23,148,945)**	**5,623,996**
Private placements	27,500,000	5,045,230	-	-	5,045,230
Warrants exercised	225,000	45,000	-	-	45,000
Finder's warrants	-	(503,093)	503,093	-	-
Share issuance costs	-	(359,780)	-	-	(359,780)
Derivative liability - unit warrants	-	(1,363,175)	-	-	(1,363,175)
Share-based compensation	-	-	253,300	-	253,300
Loss and comprehensive loss for the year	-	-	-	(3,118,728)	(3,118,728)
Balance - May 31, 2022	**60,466,654**	**$ 29,025,555**	**$ 3,367,961**	**$ (26,267,673)**	**$ 6,125,843**

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

SOLIS MINERALS LTD.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Year Ended May 31, 2022	2021
Cash flows from operating activities		
Loss for the year	$ (3,118,728)	$ (184,973)
Items not affecting cash:		
Amortization of equipment	1,941	2,512
Amortization of right-of-use asset	-	139,850
Accretion of office lease liability	-	7,895
Accrued interest on short-term borrowing	-	5,212
Gain on change in fair value of warrants	(913,259)	-
Gain on settlement of accounts payable and accrued liabilities	(19,003)	(610,896)
Gain on settlement of short-term borrowing	-	(66,926)
Loss on write-off of receivables	108,910	-
Share-based compensation	253,300	322,100
Write-off of exploration and evaluation assets	1,892,172	71,575
Changes in non-cash working capital items:		
Decrease (increase) in receivables	30,313	(55,940)
Increase in prepaid expenses and deposits	(82,078)	(26,570)
Decrease in accounts payable/accrued liabilities	(147,935)	(29,813)
Net cash used in operating activities	(1,994,367)	(425,974)
Cash flows from investing activities		
Deposits	28,843	-
Exploration and evaluation assets	(1,692,416)	(200,056)
Net cash used in investing activities	(1,663,573)	(200,056)
Cash flows from financing activities		
Issuance of capital stock	5,045,230	3,452,090
Share issuance costs	(359,780)	(99,330)
Shares issued – warrants exercised	45,000	-
Short-term borrowing	966	35,500
Repayment of short-term borrowing	(51,982)	(66,988)
Lease payments	-	(156,482)
Net cash provided by financing activities	4,679,434	3,164,790
Net change in cash for the year	1,021,494	2,538,760
Cash – beginning of the year	2,548,807	10,047
Cash – end of the year	$ 3,570,301	$ 2,548,807
Supplemental cash flow information		
Cash paid for interest and income taxes	$ -	$ -
Exploration and evaluation assets accrued through accounts payable and accrued liabilities	$ 261,736	$ 45,183
Fair value of warrants issued for private placement	$ 503,093	$ -
Shares issued for debt settlement	$ -	$ 407,265
Share issuance cost accrued in accounts payable and accrued liabilities	$ -	$ 104,508
Recognition of derivative liability	$ 1,363,175	$ -

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

1. Nature of Operations and Going Concern

Solis Minerals Ltd. (an Exploration Stage Company) was incorporated under the Business Corporations Act of British Columbia, Canada on December 1, 2005 and maintains its corporate head office at Suite 3043 595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: SLMN) in Canada and began trading on the Australian Securities Exchange (ASX: SLM) effective December 24, 2021. Solis Minerals Ltd. and its subsidiaries (collectively referred to as the "Company" or "Solis") are principally engaged in the acquisition and exploration of mineral properties as described herein.

Effective July 21, 2021, the Company changed its name to Solis Minerals Ltd.

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

For the year ended May 31, 2022, the Company reported a loss of $3,118,728 (2021 – $184,973) and an accumulated deficit of $26,267,673 (2021 – $23,148,945). As at May 31, 2022, the Company had working capital of $2,740,156 (2021 – $2,106,867). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

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

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

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business, including potential delays to its business plans and activities, and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

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

2. Basis of Presentation and Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Company's Board of Directors on August 29, 2022.

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

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

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

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

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

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

3. Significant Accounting Policies, New Standards and Interpretations

a) Sources of Estimation Uncertainty

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

(i) Realization of mineral property interests

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

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

a) Sources of Estimation Uncertainty (continued)

(ii) Site restoration obligations

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

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

As at May 31, 2022, the Company is not aware of any existing environmental obligations related to any of its current or former exploration properties that may result in a liability to the Company.

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

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

(iv) Income taxes

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

b) Critical Accounting Judgments

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

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

b) Critical Accounting Judgments (continued)

(i) Impairment assessment

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

(ii) Recoverability of amounts receivable

The balance in amounts receivable includes GST and amounts due from a related party for rent and other shared expenses. At each financial position reporting date, the carrying amounts of the Company's amounts receivable are reviewed to determine whether there is any indication that those assets are impaired. The Company uses judgment in determining whether there are facts and circumstances suggesting that the carrying amounts of its amounts receivable may exceed the recoverable amount. The Company determined that the amounts are collectible, taking into account factors such as economic and market conditions.

(iii) Assessment of going concern

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

(iv) Assessment of functional currency

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

c) Financial Instruments

(i) Classification

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

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

c) Financial Instruments (continued)

The following table shows the classification under IFRS 9:

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

(ii) Measurement

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

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

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

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

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

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

(Expressed in Canadian Dollars)

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

c) Financial Instruments (continued)

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

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

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

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

	Total	Level 1	Level 2	Level 3
Assets				
Cash	$ 3,570,301	$ 3,570,301	$ -	$ -
Liabilities				
Derivative liability	$ 449,916	$ -	$ -	$ 449,916

The Company's measurement of fair value of financial instruments as at May 31, 2021 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Cash	$2,548,807	$ 2,548,807	$ -	$ -

d) Exploration and Evaluation Assets

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

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

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

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

e) Equipment

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

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

f) Impairment of Non-Financial Assets

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

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

g) Reclamation Obligations

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

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

i) Valuation of Equity Units Issued in Private Placements

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

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

j) Share-based Payments

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

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

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

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

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

k) Loss per Share

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

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

l) Income Taxes

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

m) Foreign Currency Translation

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

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

n) Provisions

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

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

o) Leases

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

(Expressed in Canadian Dollars)

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

o) Leases (continued)

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

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

4. Exploration and Evaluation Assets

The Company's interests in exploration and evaluation assets are located in Peru and Chile. The following table outlines the expenditures for the year ended May 31, 2022 and 2021:

	Balance as at May 31, 2020	Additions	Balance as at May 31, 2021	Additions	Balance as at May 31, 2022
Ilo Norte/Ilo Este Project, Peru:					
Acquisition costs	$ 3,118,810	$ 87,301	$ 3,206,111	$ 163,334	$ 3,369,445
Exploration expenditures					
Consulting and engineering	81,630	-	81,630	3,491	85,121
Fieldwork and miscellaneous	-	-	-	6,335	6,335
Write-down	(84,101)	-	(84,101)	-	(84,101)
	3,116,339	87,301	3,203,640	173,160	3,376,800
La Ronge, Saskatchewan:					
Acquisition costs	70,000	-	70,000	-	70,000
Exploration expenditures					
Consulting and engineering	-	1,575	1,575	-	1,575
Write-down	-	(71,575)	(71,575)	-	(71,575)
	70,000	(70,000)	-	-	-
Mostazal, Chile:					
Acquisition costs	-	43,433	43,433	260,283	303,716
Exploration expenditures					
Assay and core logging	-	-	-	94,962	94,962
Consulting and engineering	-	112,930	112,930	337,951	450,881
Drilling	-	-	-	422,190	422,190
Fieldwork and miscellaneous	-	-	-	620,423	620,423
Write-down	-	-	-	(1,892,172)	(1,892,172)
	-	156,363	156,363	(156,363)	-
	$ 3,186,339	$ 173,664	$ 3,360,003	$ 16,797	$ 3,376,800

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

a) Ilo Norte and Ilo Este, Peru

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

b) La Ronge, Saskatchewan

During the year ended May 31, 2019, the Company earned a 50% interest in two mineral claims located in the La Ronge district of Saskatchewan by issuing 400,000 common shares with a fair value of $70,000.

During the year ended May 31, 2021, the Company wrote-off $71,575 of exploration and evaluation assets to reduce the carrying value to $Nil as the option agreement was terminated during the year ended May 31, 2021.

c) Mostazal, Chile

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

The acquisition terms to acquire the 100% interest are cumulative cash payments of US$5,000,000 and exploration expenditures of US$5,000,000 as follows:

	Payment [USD]	Exploration Expenditures [USD]	Ownership Interest (cumulative)
On or before June 23, 2021	$ 200,000 (paid C$247,700)	$ -	-
On or before June 23, 2022	300,000	450,000 (incurred)	-
On or before June 23, 2023	800,000	750,000	-
On or before June 23, 2024	1,600,000	1,400,000	49%
On or before June 23, 2025	2,100,000	2,400,000	100%

During the year ended May 31, 2021, the Company paid an exclusivity fee of US$40,000 ($43,433).

During the year ended May 31, 2022, the Company wrote-off $1,892,172 of exploration and evaluation assets to reduce the carrying value to $Nil as the option agreement was terminated subsequent to the year ended May 31, 2022.

5. Share Capital and Reserves

a) Authorized

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

b) Private Placements and Share Issuances

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

i) issued 225,000 common shares pursuant to exercise of warrants for gross proceeds of $45,000.

ii) closed an initial public offering of $5,045,230 (A$5,500,000) through the issuance of 27,500,000 shares (settled on the ASX in the form of CHESS depositary interests (CDIs)) at a price of $0.184 (A$0.20) per share, with one warrant for every two shares with an exercise price of A$0.30 until December 24, 2023. The Company recognized a derivative liability valued at $1,363,175 associated with the warrants. As at May 31, 2022, the Company revalued the derivative liability at $449,916 resulting in an unrealized gain on change in fair value of warrants of $913,259 through profit or loss for the year ended May 31, 2022.

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

During the year ended May 31, 2021, the Company:

i) closed a non-brokered private placement for 6,963,400 units at a price of $0.10 per unit for gross proceeds of $696,340. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.20 per share. The Company incurred $27,160 in share issuance costs.

ii) issued 2,545,404 common shares at a value of $407,265 to third-party lenders and related parties to settle some of the indebtedness, accounts payable and accrued liabilities of the Company for an aggregate total of $1,018,161 resulting in a gain of $610,896 on the settlement of debt, recognized through the consolidated statement of loss and comprehensive loss.

iii) closed a non-brokered private placement for 350,000 units at a price of $0.20 per unit for gross proceeds of $70,000. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.30 per share.

iv) closed a non-brokered private placement for 13,428,751 units at a price of $0.20 per unit for gross proceeds of $2,685,750. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.30 per share. The Company incurred $117,209 in share issuance costs.

The Company incurred other share issuance costs of $59,469 in connection with the private placements.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

b) Stock Options

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

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

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

A summary of the status of the Company’s stock options as at May 31, 2021 is presented below:

Exercise Price	Balance at May 31, 2020	Granted	Balance at May 31, 2021	Expiry Date	Remaining contractual life in years	Number of options vested
$ 0.175	-	1,650,000	1,650,000	October 27, 2025	3.73	1,650,000
$ 0.25	-	300,000	300,000*	March 30, 2023	0.28	200,000
Totals:	-	1,950,000	1,950,000		4.01	1,850,000
	$ -	$ 0.187	$ 0.187	Weighted average exercise prices		$ 0.187

*During the year ended May 31, 2022, the expiry date of 25,000 options were amended to September 29, 2022.

c) Share-Based Compensation

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

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

d) Share-Based Compensation (continued)

During the year ended May 31, 2021, the Company:

i) granted 1,650,000 stock options to directors and consultants of the Company. The options are exercisable at $0.175 per option for 5 years. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of $271,100. The options were fully vested on the grant date.

ii) granted 300,000 stock options to directors and consultants of the Company. The options are exercisable at $0.25 per option for 2 years. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of $51,000 on options granted and vested. 200,000 options were fully vested on the grant date and 100,000 options vest 25% every 3 months after grant.

The options granted during the year ended May 31, 2022 and 2021 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

	Year ended May 31, 2022	Year ended May 31, 2021
Weighted average grant date fair value	$0.25	$0.16
Weighted average risk-free interest rate	0.85%	0.31%
Expected dividend yield	0%	0%
Weighted average stock price volatility	140.59%	150%
Weighted average forfeiture rate	0%	0%
Weighted average expected life of options in years	5.00	4.54

e) Share Purchase Warrants

Exercise Price	Balance at May 31, 2021	Granted	Exercised	Expired	Balance at May 31, 2022	Expiry Date	Remaining contractual life in years
$ 0.80	1,630,000	-	-	(1,630,000)	-	May 24, 2022	-
$ 0.80	774,000	-	-	-	774,000*	June 15, 2022	0.04
$ 0.20	3,481,700	-	(225,000)	-	3,256,700	Oct 21, 2022	0.39
$ 0.30	6,889,376	-	-	-	6,889,376	May 14, 2023	0.95
AUD$0.30	-	13,750,000	-	-	13,750,000	Dec 23, 2024	1.56
AUD$0.28	-	3,666,667	-	-	3,666,667	Dec 24, 2024	2.57
	12,775,076	17,416,667	(225,000)	(1,630,000)	28,336,743		1.37
	$ 0.37	$ 0.29	$ 0.20	$ 0.80	$ 0.30	Weighted average exercise prices	

*Expired subsequent to May 31, 2022

As at May 31, 2022, all of the above warrants were exercisable, except the 3,666,667 finders' warrants, which are restricted from exercise until December 24, 2023.

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(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

e) Share Purchase Warrants (continued)

Exercise Price	Balance at May 31, 2020	Granted	Balance at May 31, 2021	Expiry Date	Remaining contractual life in years
$ 0.80	1,630,000	-	1,630,000	May 24, 2022	0.98
$ 0.80	774,000	-	774,000	June 15, 2022	1.04
$ 0.20	-	3,481,700	3,481,700	Oct 21, 2022	1.39
$ 0.30	-	6,889,376	6,889,376	May 14, 2023	1.95
	2,404,000	10,371,076	12,775,076		1.62
	$ 0.80	$ 0.27	$ 0.37	Weighted average exercise prices	

The finders' warrants and unit warrants (derivative liability) granted during the year ended May 31, 2022 and 2021 were valued using the Black Scholes option pricing model with the following assumptions:

	Year ended May 31, 2022	**Grant date December 23, 2021**	**Year ended May 31, 2021**
Weighted average grant date fair value	$0.03	$0.11	-
Weighted average risk-free interest rate	2.62%	0.99%	-
Expected dividend yield	0%	0%	-
Weighted average stock price volatility	119.57%	121.42%	-
Weighted average forfeiture rate	0%	0%	-
Weighted average expected life of options in years	1.57	2.21	-

6. Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the year ended May 31, 2022 and 2021 were as follows:

	Year ended May 31, 2022	Year ended May 31, 2021
Short-term benefits	$ 389,851	$ 163,250
Share-based compensation	$ 98,849	$ 259,917
Total	$ 488,700	$ 423,167

Included in short term benefits are the following:

(i) $122,500 (2021 - $57,500) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's Chief Executive Officer.

(ii) $18,000 (2021 - $13,500) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

(iii) $76,036 (2021 - $60,000) in director fees paid or accrued to Christopher Gale, a director of the Company.

6. Related Party Transactions (continued)

(iv) $88,500 (2021 - $21,000) in consulting fees recorded under exploration and evaluation assets paid or accrued to Fred Tejada, a formal director of the Company.

(v) $33,500 (2021 - $Nil) in director fees paid or accrued to Kevin Wilson, a director of the Company.

(vi) $26,315 (2021 - $Nil) in director fees paid or accrued to Chafika Eddine, a director of the Company.

(vii) $25,000 (2021 - $Nil) in director fees paid or accrued to Michael Parker, a director of the Company.

(viii) $Nil (2021 - $11,250) in consulting fees paid or accrued to a company controlled by Rodney Stevens, the Company's Vice President, Exploration.

Included in receivables is $Nil (2021 - $117,455) receivable from Jaxon Mining Inc., a Company which formerly had a shared Chief Financial Officer and shared directors, for former shared office space and administrative expenses. During the year ended May 31, 2021, the Company reclassified the receivable from current asset to non-current asset. During the year ended May 31, 2022, the Company wrote off the remaining receivable of $108,910.

Included in receivables is $16,800 (2021 - $16,800) receivable from Volatus Capital Corp., a Company with a shared director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is $69,475 (2021 - $79,285) in key management compensation payable to directors, officers and a former officer.

Included in accounts payable and accrued liabilities is $14,085 (2021 - $116,478) due to Latin Resources Limited, a company with a common director.

The optionor of the La Ronge, Saskatchewan property described in Note 4(b) is a company that formerly had a common director.

During the year ended May 31, 2021, the Company issued 1,496,278 common shares to related parties to settle debt of $598,511 which includes 338,158 common shares to settle the US$100,000 option payment of Ilo Norte and Ilo Este properties which was included in accounts payable and accrued liabilities (Note 4).

(Expressed in Canadian Dollars)

7. Equipment

	Office furniture and equipment	Field equipment	Computer equipment	Total
Cost:				
Balance, May 31, 2020, 2021 and 2022	$ 94,962	$ 74,353	$ 26,428	$ 195,743
Accumulated amortization:				
Balance, May 31, 2020	93,318	63,536	25,549	182,403
Charge for the year	493	1,624	395	2,512
Balance, May 31, 2021	93,811	65,160	25,944	184,915
Charge for the year	345	1,378	218	1,941
Balance, May 31, 2022	$ 94,156	$ 66,538	$ 26,162	$ 186,856
Net book value:				
Balance, May 31, 2021	$ 1,151	$ 9,193	$ 484	$ 10,828
Balance, May 31, 2022	$ 806	$ 7,815	$ 266	$ 8,887

8. Short-Term Borrowing

The Company has previously entered into arrangements with four lenders to provide funds on a short-term basis.

The arrangement with the first arm's length lender is for up to $16,000, repayable on demand, with an annual interest rate of 5%. During the year ended May 31, 2021, the Company repaid the loan and interest in full.

The arrangement with the second arm's length lender is for an amount of $26,506, repayable on demand with no provision for interest and preferred creditor status. During the year ended May 31, 2020, the loan of $26,506 was assigned to Ore Capital Partners Ltd., a Company which formerly had a shared director. During the year ended May 31, 2022, the Company repaid the loan in full.

The arrangement with the third lender is with Ore Capital Partners Ltd., for an amount of $24,510, repayable on demand with no provision for interest. During the year ended May 31, 2022, the Company repaid the loan in full.

On September 12, 2019, as amended October 21, 2019, an arrangement was entered into with a fourth arm's length lender to provide funds of up to $100,000, repayable on demand, with an annual interest rate of 10%, and preferred creditor status. During the year ended May 31, 2021, the Company received additional $35,500 and settled the loan and interest by paying $50,000 resulting in a gain of $66,926 on the settlement of debt.

As at May 31, 2022, a combined total of $Nil (2021 - $51,016) in short-term borrowing including accrued interest was outstanding.

9. Management of Capital

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

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. The strategy is unchanged from the prior year.

10. Financial Instruments and Financial Risk

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and derivative liability. The fair values of these financial instruments approximate their carrying values.

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

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

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of the remaining financial instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies

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

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

Currency risk

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

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

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

(Expressed in Canadian Dollars)

10. Financial Instruments and Financial Risk (continued)

Currency risk (continued)

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

	May 31, 2022 US Dollars	May 31, 2021 US Dollars	May 31, 2022 Mexican Pesos	May 31, 2021 Mexican Pesos	May 31, 2022 Chilean Pesos	May 31, 2021 Chilean Pesos
Cash	$ 247,924	$ 757	$ -	$ -	$ 50,242,599	$ -
Accounts payable	(13,359)	(94,647)	-	(511,559)	(164,313,671)	-
Net	$ 234,565	$ (93,890)	$ -	$ (511,559)	$ (114,071,072)	$ -

Interest rate risk

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

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

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high quality financial institution. The Company's receivables consist of amounts due from the Canadian government and third parties and other parties. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At May 31, 2022, the Company had $Nil (2021 - $117,455) in amounts due from a former related party greater than 90 days and during fiscal 2022 recognized bad debt expense of $108,910 (2021 - $Nil).

(ii) Liquidity risk

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

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

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

(Expressed in Canadian Dollars)

10. Financial Instruments and Financial Risk (continued)

Interest rate risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2021:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 380,190	$ -	$ -
Accrued liability	104,986	-	-
Short-term borrowing	51,016	-	-
	$ 536,192	$ -	$ -

Market Risk

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

Other price risk

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

11. Income Taxes

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

	2022	2021
Net loss for the year	$ (3,118,728)	$ (184,973)
Canadian statutory tax rate	27%	27%
Income tax benefit computed at statutory rates	(842,000)	(50,000)
Permanent differences	(60,000)	87,000
Share issue cost	(97,000)	(55,000)
Changes in timing differences	6,000	24,000
Foreign exchange effect on tax assets and liabilities	3,000	(25,000)
Unused tax losses not recognized in tax asset	9,000	19,000
	$ -	$ -

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

(Expressed in Canadian Dollars)

11. Income Taxes (continued)

		2022		2021
Tax value over book value of equipment	$	201,000	$	200,000
Exploration and evaluation assets		1,964,000		2,000
Non-refundable mining credit		67,000		67,000
Share issue costs		415,000		180,000
Non-capital losses		13,588,000		12,089,000
Unrecognized deferred tax amounts	$	16,235,000	$	12,538,000

As at May 31, 2022, the Company has approximately $13,358,000 (2021 - $11,705,000) of non-capital losses in Canada that may be used to offset future taxable income, expiring from 2027 to 2042.

In addition, as at May 31, 2022, the Company has approximately $Nil (2021 - $328,000) of non-capital losses in Mexico that may be used to offset future taxable income expiring from 2029 to 2037.

In addition, as at May 31, 2022, the Company has approximately $104,000 (2021 - $56,000) of non-capital losses in Peru that may be used to offset future taxable income expiring from 2029 to 2037.

In addition, as at May 31, 2022, the Company has approximately $126,000 (2021 - $Nil) of non-capital losses in Chile that may be used to offset future taxable income.

12. Segmented Information

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

		Peru		**Chile**		**Canada**		**Total**
May 31, 2022								
Capital assets	$	-	$	-	$	8,887	$	8,887
Exploration and evaluation assets		3,376,800		-		-		3,376,800
	$	3,376,800	$	-	$	8,887	$	3,385,687
May 31, 2021								
Capital assets	$	-	$	-	$	10,828	$	10,828
Exploration and evaluation assets		3,203,640		156,363		-		3,360,003
	$	3,203,640	$	156,363	$	10,828	$	3,370,831

13. Commitments

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

14. Lease Obligation

For the year ended May 31, 2021 depreciation of the right of use asset was $139,850. The right of use asset is depreciated on a straight-line basis over the term of the lease.

(Expressed in Canadian Dollars)

14. Lease Obligation (continued)

Right of use asset, May 31, 2020	$	139,850
Depreciation of right of use asset		(139,850)
Right of use asset, May 31, 2021 and 2022	$	-

For the year ended May 31, 2021, finance charges on the lease liability were $7,895. The lease term matured on April 30, 2021.

Balance at May 31, 2020	$	148,587
Office lease payments		(156,482)
Accretion		7,895
Balance at May 31, 2021 and 2022	$	-

During the year ended May 31, 2021, the Company recognized $89,625 in sublease office rent income.

SOLIS MINERALS LTD.
(FORMERLY WESTMINSTER RESOURCES LTD.)

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended May 31, 2022

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained or incorporated by reference in this MD&A, including any information as to our future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada and in other countries; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

1.1 Date

The following management's discussion and analysis ("MD&A"), which is dated August 29, 2022, the Company had $3,570,301 in cash (2021 – $2,548,807) and working capital of $2,740,156 (2021 – $2,106,867).

1.2.3 Outlook and Recent Exploration Activity

For the year ended May 31, 2022, the Company's focus has been completing the acquisition of Mostazal in Chile, and initiating exploration on the project, including drilling; continuing the development of its projects in Peru; continuing its review of other mineral projects that may fit within the Company's portfolio; and investigating the potential sourcing of other additional funding and/or pursuing industry partnerships. The following information presents details on the Company's properties and recent exploration and evaluation activities in Peru and Chile.

(Expressed in Canadian Dollars)

Exploration Highlights

Ilo Norte (Peru)

The Ilo Norte Project in southern Peru is an Iron Oxide Copper Gold (IOCG) exploration target with significant potential. Work to date has concentrated on a relatively small portion of the prospective part of the lease holding. Remote sensing and in-field mapping has demonstrated that a silica and potassic alteration halo that exists at the known mineralisation extends across the entire property. The initial recommendation is to complete a 3D induced polarisation survey, once all the data is centralised and complied.

Ilo Este (Peru)

Ilo Este, also in southern Peru, is a copper-gold porphyry deposit that has been eroded down to the mid-level of the system. There remains the potential to discover mineralisation within the remnants of the porphyry that has been the focus of the majority of work thus far, and for other centres to be discovered within the lease holding to the north and also on the southern side of the Chololo fault. The initial recommendation, after data centralisation and compilation, is for alteration logging of core and rock chips, along with an extension of the magnetic survey, geological mapping and geochemical survey to the north side of the river.

Mostazal (Chile)

The Mostazal project is located in Atacama region of Chile, 80 kilometres northeast of Copiapo. The Atacama Desert is among the richest copper regions on earth, hosting some of the world's most significant porphyry copper deposits. The property is situated within the 500-kilometre long, north-south trending Domeyko Fault System, the major structural control for the majority of Chile's largest copper mines including Escondida (BHP, Rio Tinto), Chuquicamata and the El Salvador mine (Codelco). The El Salvador porphyry deposit is located 40-kilometres north of Mostazal, at a similar elevation and longitude.

Qualified Person

Technical information in this MD&A has been reviewed and approved by Fred Tejada, P. Geo (30021), a qualified person and a consultant to the Company as defined in National Instrument 43-101.

1.3 Selected Annual Financial Information

The following table presents selected financial information for the last three fiscal years ended May 31, 2021, 2021, and 2020.

		2022		2021		2020
Net and comprehensive loss	$	(3,118,728)	$	(184,973)	$	(491,615)
Basic and diluted loss per share	$	(0.07)	$	(0.01)	$	(0.05)
Total assets	$	7,102,005	$	6,160,188	$	3,507,616

During the year ended May 31, 2022, net loss increased to $3,118,728 compared to $184,973 for the year ended May 31, 2021. The increase was a result of write-off of exploration and evaluation assets of $1,892,172.

During the year ended May 31, 2021, net loss decreased to $184,973 compared to $491,615 for the year ended May 31, 2020. The decrease was a result of settlement of accounts payable and accrued liabilities of $1,018,161 (2020 - $Nil) through the issuance of common shares valued at $407,265 (2020 - $Nil), for a gain of $610,896 (2020 - $Nil) on the settlement of debt. The Company also recorded share-based compensation of $322,100 (2020 - $Nil) related to stock options granted to directors and consultants during the year. Total assets for the year ended May 31, 2021, increased to $6,160,188 compared to $3,507,616 for the year ended May 31, 2020. The increase was due to proceeds received from the completion of a non-brokered private placement near year end and outstanding receivable from Jaxon Mining Inc. for shared office space and administrative expenses (note 1.9).

(Expressed in Canadian Dollars)

1.4 Summary of Quarterly Results

The following table sets out certain unaudited financial information of the Company for each of the last eight quarters, beginning with the first quarter of fiscal 2020. This financial information has been prepared in accordance International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB").

Quarterly results are highly variable for exploration companies depending, in particular, on whether the Company has any property write-downs, share-based payments expenses and gain or losses resulting from foreign exchange.

	Income (loss) per quarter	Fully diluted income (loss) per share
Jun. 1, 2020 – Aug. 31, 2020	$ (99,010)	$ (0.01)
Sept. 1, 2020 – Nov. 30, 2020	$ 491,480	$ 0.04
Dec. 1, 2020 – Feb. 28, 2021	$ (327,690)	$ (0.01)
Mar. 1, 2021 – May 31, 2021	$ (249,753)	$ (0.01)
Jun. 1, 2021 – Aug. 31, 2021	$ (712,391)	$ (0.02)
Sept. 1, 2021 – Nov. 30, 2021	$ (449,064)	$ (0.01)
Dec. 1, 2021 – Feb. 28, 2022	$ (538,336)	$ (0.01)
Mar. 1, 2022 – May 31, 2022	$ (1,418,937)	$ (0.02)

During the three month period ended May 31, 2022, the Company incurred a loss of $1,418,937 which was primarily attributable to write-off of exploration and evaluation assets of $1,892,172.

During the three month period ended February 28, 2022, the Company incurred a loss of $538,336 which was primarily attributable to timing of legal bills related to the initial public offering ("IPO"), increased consulting fees related to monthly directors fees and increased marketing related to increase brand awareness during the quarter.

During the three month period ended November 30, 2021, the Company incurred a loss of $449,654 which was primarily attributable to accounting, audit and legal costs of $206,499 relating primarily to IPO and consulting fees of $105,007.

During the three month period ended August 31, 2021, the Company incurred a loss of $712,391 which was primarily attributable to accounting, audit and legal costs of $254,085, and share-based compensation of $253,300.

During the three month period ended November 30, 2020, the Company incurred an income of $491,480 which was primarily attributable to gain on settlement of accounts payables and accrued liabilities of $610,896.

(Expressed in Canadian Dollars)

1.5 Results of Operations

During the year ended May 31, 2022 and 2021, exploration expenditures were as follows:

	Balance as at May 31, 2020	Additions	Balance as at May 31, 2021	Additions	Balance as at May 31, 2022
Ilo Norte/Ilo Este Project, Peru:					
Acquisition costs	$ 3,118,810	$ 87,301	$ 3,206,111	$ 163,334	$ 3,369,445
Exploration expenditures					
Consulting and engineering	81,630	-	81,630	3,491	85,121
Fieldwork and miscellaneous	-	-	-	6,335	6,335
Write-down	(84,101)	-	(84,101)	-	(84,101)
	3,116,339	87,301	3,203,640	173,160	3,376,800
La Ronge, Saskatchewan:					
Acquisition costs	70,000	-	70,000	-	70,000
Exploration expenditures					
Consulting and engineering	-	1,575	1,575	-	1,575
Write-down	-	(71,575)	(71,575)	-	(71,575)
	70,000	(70,000)	-	-	-
Mostazal, Chile:					
Acquisition costs	-	43,433	43,433	260,283	303,716
Exploration expenditures					
Assay and core logging	-	-	-	94,962	94,962
Consulting and engineering	-	112,930	112,930	337,951	450,881
Drilling	-	-	-	422,190	422,190
Fieldwork and miscellaneous	-	-	-	620,423	620,423
Write-down	-	-	-	(1,892,172)	(1,892,172)
	-	156,363	156,363	(156,363)	-
	$ 3,186,339	$ 173,664	$ 3,360,003	$ 16,797	$ 3,376,800

Ilo Norte and Ilo Este, Peru

On February 6, 2018, the Company signed an agreement, subsequently amended, to acquire a 100% interest in a portfolio of concessions in southern Peru. This transaction closed in July 2018.

As consideration, the Company:

i) paid $189,525 (US$150,000) on signing of the agreement;

ii) issued 3,800,000 common shares with a fair value of $2,470,000 during the year ended May 31, 2019;

iii) issued 190,000 finder fee shares with a fair value of $123,500 during the year ended May 31, 2019; and

iv) settled US$100,000 ($135,263) as a final payment by issuing shares resulting in a gain of $81,158 on the settlement of debt during the year ended May 31, 2021.

(Expressed in Canadian Dollars)

During the year ended May 31, 2019, the Company did not renew certain claims and recorded a write down of $84,801.

La Ronge, Saskatchewan

During the year ended May 31, 2019, the Company earned a 50% interest in two mineral claims located in the La Ronge district of Saskatchewan by issuing 400,000 common shares with a fair value of $70,000. The Company had the option to earn an additional 30% in the property by making the following payments:

	Number of Common Shares	Exploration Expenditures	Ownership Interest
On or before December 11, 2020	400,000	$ 100,000	10%
On or before December 11, 2021	-	100,000	10%
On or before December 11, 2022	-	200,000	10%

During the year ended May 31, 2021, the Company wrote-off $71,575 of exploration and evaluation assets to reduce the carrying value to $Nil as the option agreement was terminated during the year ended May 31, 2021.

Mostazal, Chile

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

The acquisition terms to acquire the 100% interest comprised cumulative cash payments of US$5,000,000 and exploration expenditures of US$5,000,000 as follows:

	Payment [USD]	Exploration Expenditures [USD]	Ownership Interest (cumulative)
On or before June 23, 2021	$ 200,000 (paid CAD$247,700)	$ -	-
On or before June 23, 2022	300,000	450,000 (incurred)	-
On or before June 23, 2023	800,000	750,000	-
On or before June 23, 2024	1,600,000	1,400,000	49%
On or before June 23, 2025	2,100,000	2,400,000	100%

During the year ended May 31, 2021, the Company paid an exclusivity fee of US$40,000 ($43,433).

Other terms were for the optionors to retain a 2% Net Smelter Returns ("NSR") royalty on the property and the Company to have the right to buyback 1% of the royalty for US$1,500,000, or 0.5% of the royalty for US$750,000.

The Company could accelerate the acquisition of the property by paying the remainder of cash payments still outstanding, such that the total cumulative cash payment equals US$5,000,000 any time before the end of the option earn-in.

During the year ended May 31, 2022, the Company wrote-off $1,892,172 of exploration and evaluation assets to reduce the carrying value to $Nil as the option agreement was terminated subsequent to the year ended May 31, 2022.

Three Months Ended May 31, 2022

Total loss and comprehensive loss for the three months ended May 31, 2022 was $1,418,937 compared to total income and comprehensive loss of $249,753 for the three months ended May 31, 2021. During the period ended May 31, 2022:

i) Amortization of right-of-use asset decreased to $Nil (2021 - $25,309) due to the adoption of IFRS 16 at the beginning of the prior period.

ii) Consulting fees increased to $182,573 (2021 – $98,286) due to increased business advisory services rendered and increased consulting fees related to directors fees in the current period.

iii) Foreign exchange gain increased to $97,126 (2021 –$45,849) due to fluctuations in the currency exchange in the current period.

iv) Regulatory and filing fees increased to $18,630 (2021 - $6,441) due to additional filings to the Australian stock exchange during the current period.

v) Share-based compensation decreased to $Nil (2021 - $51,000) due to stock options granted during the comparative period.

vi) Sublease office rent income decreased to $Nil (2021 - $14,771) due to termination of lease during the current period.

vii) Gain on change in fair value of warrants increased to $913,259 (2021 – $Nil) due to revaluation of derivative liability associated with the unit warrants.

viii) Write-off of exploration and evaluation assets increased to $1,892,172 (2021 - $71,575) due to write-off of Mostazal Copper property in Chile in the current year.

Year Ended May 31, 2022

Total loss and comprehensive loss for the year ended May 31, 2022 was $3,118,728 compared to total income and comprehensive loss of $184,973 for the year ended May 31, 2021. During the year ended May 31, 2022:

i) Accounting, audit and legal increased to $598,537 (2021 - $95,838) due to expenses of the acquisition of Mostazal, the ASX dual-listing and IPO in the current year.

ii) Amortization of right-of-use asset decreased to $Nil (2021 - $139,850) due to the adoption of IFRS 16 at the beginning of the prior year.

iii) Bank charges and interest decreased to $2,876 (2021 – $8,723) due to interest accrued on short-term borrowing in the comparative year.

iv) Consulting fees increased to $588,974 (2021 – $200,286) due to increased business advisory services rendered in the current year.

v) Foreign exchange gain increased to $84,193 (2021 –$60,770) due to fluctuations in the currency exchange in the current year.

vi) Gain on change in fair value of warrants increased to $913,259 (2021 – $Nil) due to revaluation of derivative liability associated with the unit warrants.

vii) Gain on settlement of accounts payable and accrued liabilities decreased to $19,003 (2021 - $610,896) due to the issuance of shares for debt in the comparative year. The gain was a result of the difference between the deemed price and the fair value of the shares at the date of issuance.

viii) Gain on settlement of short-term borrowing decreased to $Nil (2021 - $66,926) due to the settlement of debt during the current year.

ix) Management fees increased to $122,500 (2021 - $57,500) due to increased management services rendered in the current year.

x) Office and administration increased to $160,925 (2021 – $78,086) due to an increase in general activities in the current year.

xi) Regulatory and filing fees increased to $156,512 (2021 - $28,825) due to increased filings during the current year relating to the ASX dual listing and IPO.

xii) Sublease office rent income decreased to $Nil (2021 - $89,625) due to termination of lease during the current year.

xiii) Write-off of exploration and evaluation assets increased to $1,892,172 (2021 - $71,575) due to write-off of Mostazal Copper property in Chile in the current year.

1.6 Liquidity and Going Concern

The recovery of the Company's investment in exploration and evaluation properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

Other than those obligations disclosed in the notes to its audited annual consolidated financial statements and discussed in this MD&A, the Company has no other long-term debt, capital lease obligations, operating leases, or any other long-term obligations. The Company has no outstanding debt facility upon which to draw.

The Company's cash position as at May 31, 2022 was $3,570,301 (2021 – $2,548,807) and had working capital of $2,740,156 (2021 – $2,106,867).

Historically, the Company's only source of funding has been the issuance of equity securities for cash. The Company has issued common share capital pursuant to private placement financings, and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's ability to raise additional funds may be impacted by future exploration results and changes in metal prices or market conditions.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business, including potential delays to its business plans and activities, and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

A detail of the Company's recently completed private placements are discussed in the section that follows.

1.7 Capital Resources

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

i) issued 255,000 common shares pursuant to exercise of warrants for gross proceeds of $45,000.

ii) initiated an initial public offering of $5,045,230 (A$5,500,000) through the issuance of 27,500,000 shares (settled on the ASX in the form of CHESS depositary interests (CDIs)) at a price of $0.184 (A$0.20) per share, with one attaching warrant for every two shares with an exercise price of A$0.30 for a period of two years from the date of issue. The IPO closed on December 24, 2021. The Company recognized a derivative liability valued at $1,363,175 associated with the warrants. During the year ended May 31, 2022, the Company revalued the derivative liability at $449,916 resulting in an unrealized gain on change in fair value of warrants of $913,259 through profit or loss.

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

During the year ended May 31, 2021, the Company:

i) closed a non-brokered private placement for 6,963,400 units at a price of $0.10 per unit for gross proceeds of $696,340. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.20 per share. The Company incurred $27,160 in share issuance costs.

ii) issued 2,545,404 common shares at a value of $407,265 to third-party lenders and related parties to settle some of the indebtedness, accounts payable and accrued liabilities of the Company for an aggregate total of $1,018,161 resulting in a gain of $610,896 on the settlement of debt, recognized through the consolidated statement of loss and comprehensive loss.

iii) closed a non-brokered private placement for 350,000 units at a price of $0.20 per unit for gross proceeds of $70,000. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.30 per share.

iv) closed a non-brokered private placement for 13,428,751 units at a price of $0.20 per unit for gross proceeds of $2,685,750. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.30 per share. The Company incurred $117,209 in share issuance costs.

The Company incurred other share issuance costs of $59,469 in connection with the private placements.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

(Expressed in Canadian Dollars)

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the year ended May 31, 2022 and 2021 were as follows:

		Year ended May 31, 2022		Year ended May 31, 2021
Short-term benefits	$	389,851	$	163,250
Share-based compensation		98,849	$	259,917
Total	$	488,700	$	423,167

Included in short term benefits are the following:

(i) $122,500 (2021 - $57,500) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's Chief Executive Officer.

(ii) $18,000 (2021 - $13,500) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

(iii) $76,036 (2021 - $60,000) in director fees accrued to Christopher Gale, a director of the Company.

(iv) $88,500 (2021 - $21,000) in consulting fees recorded under exploration and evaluation assets paid or accrued to Fred Tejada, a director of the Company.

(v) $33,500 (2021 - $Nil) in director fees paid or accrued to Kevin Wilson, a director of the Company.

(vi) $26,315 (2021 - $Nil) in director fees paid or accrued to Chafika Eddine, a director of the Company.

(vii) $25,000 (2021 - $Nil) in director fees paid or accrued to Michael Parker, a director of the Company.

(viii) $Nil (2021 - $11,250) in consulting fees paid or accrued to a company controlled by Rodney Stevens, the Company's Vice President, Exploration.

Included in receivables is $Nil (2021 - $117,455) receivable from Jaxon Mining Inc., a Company which formerly had a shared Chief Financial Officer and shared directors, for former shared office space and administrative expenses. During the year ended May 31, 2021, the Company reclassified the receivable from current asset to non-current asset. During the year ended May 31, 2022, the Company wrote off the remaining receivable of $108,910.

Included in receivables is $16,800 (2021 - $16,800) receivable from Volatus Capital Corp., a Company with a shared director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is $69,475 (2021 - $79,285) in key management compensation payable to directors, officers and a former officer.

Included in accounts payable and accrued liabilities is $14,085 (2021 - $116,478) due to Latin Resources Limited, a company with a common director.

The optionor of the La Ronge, Saskatchewan property is Ore Capital Partners Ltd. The Company's Chief Executive Officer, Jason Cubitt, was formerly a director of Ore Capital Partners.

During the year ended May 31, 2021, the Company issued 1,496,278 common shares to related parties to settle debt of $598,511 which includes 338,158 common shares to settle the US$100,000 option payment for the Ilo Norte and Ilo Este properties which was included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

1.10 Recent Accounting Pronouncements and new standards and interpretations

Please refer to the consolidated financial statements for the year ended May 31, 2022 on www.sedar.com.

1.11 Financial Instruments and Other Instruments

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

The following table shows the classification under IFRS 9:

Financial assets/liabilities	New Classification IFRS 9
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Derivative liability	FVTPL

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on June 1, 2018.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high quality financial institution. The Company's receivables consist of amounts due from a former related party. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At May 31, 2022, the Company had $Nil (2021 - $117,455) in amounts due from a former related party greater than 90 days and during fiscal 2021 recognized bad debt expense of $108,910 (2021 - $Nil).

b) Market Risk

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

(i) Interest rate risk

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

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

(ii) Currency risk

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

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

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

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

	May 31, 2022 US Dollars	May 31, 2021 US Dollars	May 31, 2022 Mexican Pesos	May 31, 2021 Mexican Pesos	May 31, 2022 Chilean Pesos	May 31, 2021 Chilean Pesos
Cash	$ 247,924	$ 757	$ -	$ -	$ 50,242,599	$ -
Accounts payable	(13,359)	(94,647)	-	(511,559)	(164,313,671)	-
Net	$ 234,565	$ (93,890)	$ -	$ (511,559)	$ (114,071,072)	$ -

(iii) Other price risk

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

c) Liquidity risk

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

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

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

(Expressed in Canadian Dollars)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2021:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 380,190	$ -	$ -
Accrued liability	104,986	-	-
Short-term borrowing	51,016	-	-
	$ 536,192	$ -	$ -

1.12 Other MD&A Requirements

Disclosure of Outstanding Share Data

As at August 29, 2022, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common Shares	60,466,654		
Options			
	25,000	$0.25	September 29, 2022
	200,000	$0.25	March 30, 2023
	1,650,000	$0.175	October 27, 2025
	1,025,000	$0.30	June 18, 2026
	2,900,000		
Warrants			
	3,256,700	$0.20	Oct 21, 2022
	6,889,376	$0.30	May 14, 2023
	13,750,000	AUD$0.30 (approximately CAD0.275)	Dec 23, 2024
	3,666,667	AUD$0.28 (approximately CAD0.257)	Dec 24, 2024
	27,562,743		
Total diluted at August 29, 2022	90,929,397		

Risks and uncertainties

The Company is in the business of acquiring and exploring mineral properties, which is a highly speculative endeavour, and the Company's future performance may be affected by events, risks or uncertainties that are outside of the Company's control.

The Company's management consider the risks disclosed to be the most significant to potential investors of the Company, but not all risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

Further Information

Additional information about the Company is available at the Company's website at www.solisminerals.com.

Commitments

The Company is committed to certain cash payments, and exploration expenditures in connection with its mineral property claims.

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

Changes in Management

On November 15, 2021, the Company appointed Kevin Wilson as a director of the Company.

On December 24, 2021, Fred Tejada resigned as a director of the Company and Chafika Eddine and Michael Parker were appointed as directors of the Company.