



**TURMALINA METALS CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited- Expressed in Canadian Dollars)**

**FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

**TURMALINA METALS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
**AS AT**

	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 3,204,302	\$ 20,664
Receivables and prepaid expenses (Note 4)	<u>292,177</u>	<u>94,888</u>
	3,496,479	115,552
<b>Mineral property</b> (Note 5)	<u>2,288,833</u>	<u>2,288,833</u>
	<u>\$ 5,785,312</u>	<u>\$ 2,404,385</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ <u>182,123</u>	\$ <u>502,854</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	28,571,457	23,991,075
Contributed surplus (Note 7)	4,364,203	4,247,548
Deficit	<u>(27,332,471)</u>	<u>(26,337,092)</u>
	<u>5,603,189</u>	<u>1,901,531</u>
	<u>\$ 5,785,312</u>	<u>\$ 2,404,385</u>

**Nature and continuance of operations** (Note 1)

Approved and authorized by the Board on May 19, 2023.

<u>"James Rogers"</u>	Director	<u>"Bryan Slusarchuk"</u>	Director
James Rogers		Bryan Slusarchuk	

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

**TURMALINA METALS CORP.****CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED MARCH 31

	2023	2022
<b>EXPENSES</b>		
Consulting fees	\$ 56,662	\$ 11,651
Directors and advisory fees (Note 6)	44,437	34,191
Exploration costs (Note 5 and 6)	492,969	443,248
Foreign exchange	(19,972)	(36,677)
Interest income	(18,078)	(1,758)
Investor relations	21,000	25,375
Management fees (Note 6)	102,362	68,033
Marketing and shareholder communications	142,250	8,272
Office and administrative expenses	35,678	10,311
Professional fees (Note 6)	54,219	36,394
Share-based payments (Note 7)	15,885	-
Transfer agent, filing and listing fees	20,598	40,666
Travel	47,369	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (995,379)</b>	<b>\$ (639,706)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>72,455,074</b>	<b>66,899,518</b>

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

**TURMALINA METALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
**FOR THE PERIOD ENDED MARCH 31**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (995,379)	\$ (639,706)
Items not involving cash:		
Share-based payments	15,885	-
Non-cash working capital item changes:		
Receivables and prepaid expenses	(197,289)	(19,948)
Accounts payable and accrued liabilities	<u>(320,731)</u>	<u>(32,481)</u>
Net cash used in operating activities	<u>(1,497,514)</u>	<u>(692,135)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	<u>-</u>	<u>(20,964)</u>
Net cash used in investing activities	<u>-</u>	<u>(20,964)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	5,000,000	-
Share issuance costs	<u>(318,848)</u>	<u>-</u>
Net cash provided by financing activities	<u>4,681,152</u>	<u>-</u>
<b>Change in cash and cash equivalents for the period</b>	3,183,638	(713,099)
<b>Cash and cash equivalents, beginning of period</b>	<u>20,664</u>	<u>4,010,253</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 3,204,302</u>	<u>\$ 3,297,154</u>

During the period ended March 31, 2023, the Company issued 564,719 Compensation warrants valued at \$100,770. There were no other significant non-cash financing and investing activities during the periods ended March 31, 2023 or March 31, 2022. No cash was paid for interest or taxes for the periods ended March 31, 2023 and 2022.

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

**TURMALINA METALS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	<b>Number</b>	<b>Amount</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	66,899,518	23,991,075	3,856,607	(22,274,741)	5,572,941
Loss for the period	-	-	-	(639,706)	(639,706)
<b>Balance, March 31, 2022</b>	66,899,518	23,991,075	3,856,607	(22,914,447)	4,933,235
Share-based payments	-	-	390,941	-	390,941
Loss for the period	-	-	-	(3,422,645)	(3,422,645)
<b>Balance, December 31, 2022</b>	66,899,518	\$ 23,991,075	\$ 4,247,548	\$ (26,337,092)	\$ 1,901,531
Shares issued during Private Placement	11,111,111	5,000,000	-	-	5,000,000
Share issuance cost	-	(318,848)	-	-	(318,848)
Warrants issued	-	(100,770)	100,770	-	-
Share-based payments	-	-	15,885	-	15,885
Loss for the period	-	-	-	(995,379)	(995,379)
<b>Balance, March 31, 2023</b>	78,010,629	28,571,457	4,364,203	(27,332,471)	5,603,189

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

## **TURMALINA METALS CORP.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED MARCH 31, 2023**

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Turmalina Metals Corp. (the “Company”) was incorporated in Canada under the British Columbia Corporations Act on March 21, 2017. The Company is principally engaged in the acquisition and exploration of resource properties. The Company’s shares are publicly traded on the TSX Venture Exchange (the “TSXV”) under the symbol TBX. The head office, records office, and principal address of the Company is 400-850 West Hastings Street, Vancouver, British Columbia, V6C 1E1. The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

#### **2. BASIS OF PREPARATION**

##### **Statement of compliance**

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

##### **Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, Aurora Mining S.A. (Argentina – 100% effective interest) and Aurora Copper Peru S.A.C. (Peru – 100% effective interest). The subsidiaries’ principal activity is mineral exploration.

**TURMALINA METALS CORP.**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE PERIOD ENDED MARCH 31, 2023

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**2. BASIS OF PREPARATION (cont'd...)**

**Basis of consolidation (cont'd...)**

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

**Basis of measurement**

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency and have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Significant Accounting Judgments and Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts and calculation of share-based payments, which are discussed below:

*Deferred income tax*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

*Share-based payments*

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The most significant judgments relate to the functional currency of the Company and its subsidiaries and impairment of exploration and evaluation assets, which are discussed below:



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
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**2. BASIS OF PREPARATION (cont'd...)**

**Significant accounting judgments and estimates (cont'd...)**

*Impairment of exploration and evaluation assets*

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

*Determination of functional currency*

The functional currencies of the Company and its subsidiaries are outlined in the Basis of Measurement section above. The determination of functional currency involves certain judgments to determine the primary economic environment. The Company reconsiders the functional currency if there are changes in events and conditions impacting the factors used in the determination of the primary economic environment

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

**4. RECEIVABLES AND PREPAID EXPENSES**

	March 31, 2023	December 31, 2022
Goods and service tax ("GST") receivable	\$ 62,684	\$ 31,448
Other receivables and advances	7,163	15,560
Prepayments	<u>222,330</u>	<u>47,880</u>
Total	<u>\$ 292,177</u>	<u>\$ 94,888</u>

**5. MINERAL PROPERTY**

*Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and titles may be affected by undetected defects.

**San Francisco Project, Argentina**

The San Francisco Project is made up of five separate agreements, as described below:

**El Tapau - San Francisco Project, Argentina**

On September 24, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the El Tapau Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

**TURMALINA METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED MARCH 31, 2023****5. MINERAL PROPERTY (cont'd...)****El Tapau - San Francisco Project, Argentina (cont'd...)**

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)	Minimum Drilling (Meters)
September 24, 2018 (paid)	40,000	-	-
September 24, 2019 (paid and completed)	70,000	300,000	-
November 24, 2020 (paid and completed)	100,000	-	3,000
November 24, 2021 (paid and completed)	250,000	-	4,000
September 30, 2022 *(paid)	100,000	-	-
November 24, 2023*	1,000,000	750,000	-
	<u>1,560,000</u>	<u>1,050,000</u>	<u>7,000</u>

\* On August 31, 2022 the Company agreed to a 1 year extension for the final payment for consideration of USD\$100,000.

The third parties retain a 2.5% Net Smelter Returns (“NSR”) royalty, which the Company may purchase for a payment of USD\$2,500,000.

**Cerro Negro - San Francisco Project, Argentina**

On September 25, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Cerro Negro Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	5,000	-
September 25, 2018 (paid)	15,000	-
Upon receiving drilling permits (paid)	30,000	-
September 25, 2019 (paid and completed)	50,000	300,000
November 25, 2020 (paid and completed)	100,000	500,000
November 25, 2021 (paid and completed)	250,000	500,000
October 31, 2022 (paid)*	200,000	-
November 25, 2023*	1,000,000	750,000
	<u>1,650,000</u>	<u>2,050,000</u>

\* On October 31, 2022 the Company agreed to a 1 year extension for the final payment for consideration of USD\$200,000.

The third parties retain a 2% NSR royalty, of which the Company may purchase 55%, or 1.1%, of the NSR for a payment of USD\$1,250,000.

**Don David - San Francisco Project, Argentina**

On August 24 2022, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Don David Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

**TURMALINA METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED MARCH 31, 2023****5. MINERAL PROPERTY (cont'd...)****Don David - San Francisco Project, Argentina (cont'd...)**

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)	Minimum Drilling (Meters)
August 24, 2022 (paid)	15,000	-	-
August 24, 2023	50,000	-	2,000
August 24, 2024	100,000	300,000	-
August 24, 2025	150,000	600,000	-
August 24, 2026	250,000	750,000	-
August 24, 2027	1,000,000	-	-
	<u>1,565,000</u>	<u>1,650,000</u>	<u>-</u>

The third parties retain a 2% NSR royalty, of which the Company may purchase 50%, (1%), of the NSR for a payment of USD\$1,000,000.

**Miranda - San Francisco Project, Argentina**

On July 1, 2020, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Miranda Project, Argentina. The Company can acquire a 100% interest in the property by making payments as follows:

	Cash Payment (USD \$)
Upon signing definitive agreement (paid)	5,000
January 7, 2021 (paid)	5,000
July 7, 2021 (paid)	15,000
July 7, 2022 (paid)	20,000
July 7, 2023	30,000
July 7, 2024	150,000
	<u>225,000</u>

The third parties retain a 1% NSR royalty, which the Company may purchase for a payment of USD\$300,000.

**Santa Barbara - San Francisco Project, Argentina**

On July 1, 2021, the Company entered into an option agreement with government organization Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan, Argentina (IPEEM) to acquire the right to explore and exploit certain claims known as the Santa Barbara Project, Argentina. The Company can maintain the right to explore during an initial 5-year exploration stage by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing (paid)	20,000	-
July 1, 2022	-	505,000
July 1, 2023	-	1,124,000
July 1, 2024	-	1,124,000
July 1, 2025	-	1,124,000
July 1, 2026	-	1,223,000
	<u>20,000</u>	<u>5,100,000</u>

**TURMALINA METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED MARCH 31, 2023****5. MINERAL PROPERTY (cont'd...)****Santa Barbara - San Francisco Project, Argentina (cont'd...)**

During the five-year exploration stage, the Company is also required to make monthly payments of US\$5,519 (US\$0.50 cents per hectare) and loan IPEEM a four-wheel-drive vehicle, which will become the property of IPEEM if the agreement terminates. During the second stage (exploitation stage) the Company is required to make monthly payments of US\$16,557 (US\$1.50 per hectare) until production starts and then a 1% to 2% royalty, with a value to be set at the time the exploitation stage commences.

**Chanape Project, Peru**

On March 13, 2020, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Chanape Project. The Company can acquire a 100% interest in the property by making total cash payments of US\$3,410,000 and by incurring exploration expenditures of US\$2,000,000 as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	10,000	-
February 22, 2020 (paid)	18,727	-
Execution of definitive agreement (paid)	22,000	-
April 30, 2020 (paid)	9,273	-
December 30, 2020 (paid)	40,000	-
June 30, 2021 (paid and completed)	50,000	250,000
December 30, 2021 (paid)	60,000	-
June 30, 2022 (paid and completed)	100,000	500,000
December 30, 2022 (paid)	120,000	-
June 30, 2023*	180,000	500,000
December 30, 2023*	250,000	-
June 30, 2024*	350,000	750,000
June 30, 2025*	2,200,000	-
	<u>3,410,000</u>	<u>2,000,000</u>

\*These payments were conditional to the register of public deeds, which was delayed due to the COVID-19 global pandemic. Due to the delay registering the agreement, the due dates of these payments were extended 108 days.

The third parties retain a 2% NSR royalty, of which the Company may purchase 1%, (50%) of the NSR for a payment of USD\$1,200,000.

During the periods ended March 31, 2023, and December 31, 2022, the Company incurred acquisition costs as follows:

<i>Acquisition Costs</i>	<b>San Francisco Project</b>					Chanape Project	Total
	El Tapau	Cerro Negro	Don David	Miranda	Santa Barbara		
December 31, 2021	\$ 596,198	\$ 583,124	\$ -	\$ 32,046	\$ 66,475	\$ 265,568	1,543,411
Additions	135,706	273,100	18,777	26,199	-	291,640	745,422
December 31, 2022, and March 31, 2023	\$ 731,904	\$ 856,224	\$ 18,777	\$ 58,245	\$ 66,475	\$ 557,208	\$ 2,288,833

**TURMALINA METALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**FOR THE PERIOD ENDED MARCH 31, 2023**

**5. MINERAL PROPERTY (cont'd...)**

During the period ended March 31, 2023, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	San Francisco Project	Chanape Project	Total
Assay	\$ 14,551	\$ 4,774	\$ 19,325
Drilling	121,702	-	121,702
Environmental studies and report preparation	724	-	724
Field expenditures	26,322	22,436	48,758
Geological consulting	77,901	64,181	142,082
Project administration & community relations	24,488	26,304	50,792
Project management	25,580	25,581	51,161
Taxes	35,690	18,228	53,918
Travel	-	4,507	4,507
	\$ 326,958	\$166,011	\$492,969

During the period ended March 31, 2022, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	San Francisco Project	Chanape Project	Total
Assay	\$ 33,041	\$ 1,279	\$ 34,320
Drilling	2,482	-	2,482
Environmental studies	1,456	-	1,456
Equipment rental	1,591	-	1,591
Field expenditures	62,066	54,252	116,318
Geological consulting	88,820	31,447	120,267
Project administration & community relations	15,008	42,193	57,201
Project management	38,714	38,715	77,429
Taxes	27,397	-	27,397
Travel	136	4,651	4,787
	\$ 270,711	\$ 172,537	\$ 443,248

**6. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the period ended March 31, 2023 and 2022, the Company entered the following transactions with related parties

	2023	2022
Professional fees	\$ 20,444	\$ 19,068
Director fees	27,194	26,691
Exploration costs	51,161	85,187
Management fees	102,362	68,033
	\$ 201,161	\$ 198,979

As at March 31, 2023, \$43,627 (December 31, 2022 - \$228,045) was included in accounts payable and accrued liabilities owing to officers and directors of the Company.

**TURMALINA METALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**FOR THE PERIOD ENDED MARCH 31, 2023**

**7. SHAREHOLDERS' EQUITY**

**Authorized**

An unlimited number of common shares without par value.

**Issued share capital**

On February 12, 2023 the Company completed a non-brokered listed issuer financing exemption financing and issued a total of 11,111,111 units at a price of \$0.45 for gross proceeds of \$5,000,000. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of \$0.60 for a period of two years. The Company paid finders' fees of \$254,125, paid other share issuance costs of \$64,723, and issued 564,719 broker warrants values at \$100,770. The Company valued the broker warrants using Black-Scholes and used the following assumptions when valuing the underwriters warrants: expected volatility of 85.72%, risk free interest rate of 4.17%, life of 2 years, dividend yield of 0% and forfeiture rate of 0%. Each broker warrant entitles the holder to purchase a common share at an exercise price of \$0.60 for a period of two years.

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, December 31, 2021	5,645,000	\$ 0.86	5,431,592	\$ 0.87
Granted	1,700,000	0.35	-	-
Expired/cancelled	<u>(675,000)</u>	1.00	<u>(5,431,592)</u>	0.87
Balance, December 31, 2022	6,670,000	0.71	-	-
Granted	<u>50,000</u>	0.35	<u>6,120,270</u>	0.59
Outstanding and Exercisable, March 31, 2023	6,720,000	\$ 0.71	6,120,270	\$ 0.59

**Stock options and warrants**

The following stock options and warrants were outstanding as at March 31, 2023:

	Number	Exercise price	Expiry date	Remaining Life (years)
<b>Stock Options</b>				
	2,425,000	\$ 0.50	August 9, 2024	1.36
	1,645,000	1.30	June 24, 2025	2.24
	900,000	0.91	July 7, 2026	3.27
	1,550,000	0.35	August 11, 2027	4.37
	150,000	0.35	December 7, 2027	4.69
	50,000	0.35	March 2, 2028	4.93
<b>Warrants</b>				
	5,555,551	0.60	February 15, 2025	1.88
<b>Broker Warrants</b>				
	564,719	0.45	February 15, 2025	1.88

**TURMALINA METALS CORP.**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE PERIOD ENDED MARCH 31, 2023

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**7. SHAREHOLDERS' EQUITY (cont'd...)**

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years with vesting determined by the board of directors.

The Company did granted 50,000 (2022 – nil) stock options during the three months ended March 31, 2023 with a weighted average fair value of \$0.32 per option to directors, officers, employees, and consultants of the Company. Total share-based payments recognized in the statement of loss and comprehensive loss for period ended March 31, 2023 was \$15,885 (2022 - \$nil) for incentive options granted and vested. This amount was also recorded as contributed surplus on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options during the periods ended March 31, 2023 and 2022:

	2023	2022
Risk-free interest rate	3.66%	-
Expected life of options	5 years	-
Annualized volatility	93.74%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

**8. FINANCIAL AND CAPITAL RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments.

**Risk management**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

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**8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)**

**Risk management (cont'd...)**

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper. Cash equivalents consists of cashable guaranteed investment certificates that are readily convertible into a known amount of cash within 90 days or less. As at March 31, 2023 the Company had cash equivalents of \$3,204, 302 (December 31, 2022 - \$20,664) in term deposits.

The Company's receivables consist of goods and services tax receivable from the government of Canada.

*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 manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

*Market risk*

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

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash and cash equivalents. The Company's practice has been to invest cash and cash equivalents at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents as they are generally held with large financial institutions. During the period ended March 31, 2023, the Company was not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is subject to foreign currency risk on financial instruments denominated in currencies other than the Canadian Dollar. The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables and prepaid expenses, and accounts payable and accrued liabilities that are denominated in the United States dollar, the Argentine Peso or the Peruvian Sol. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. As these exchange rates fluctuate against the Canadian Dollar, the Company will experience foreign exchange gains and losses.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.



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**8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)**

*Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

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, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**9. SEGMENT INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in multiple geographical location, refer to Note 5.