



**CONSOLIDATED
FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)



Independent Auditor's Report

To the Shareholders of Royal Road Minerals Limited

Opinion

We have audited the consolidated financial statements of Royal Road Minerals Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of material accounting policies ("consolidated financial statements").

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

Basis of 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<p>Assessment of the existence of impairment indicators and determination of the recoverable amount for Exploration and Evaluation Assets (refer to Note 15).</p> <p>As at December 31, 2023, the carrying amount of the Company's evaluation and exploration assets was \$nil (December 31, 2022: \$ 6,304,393).</p> <p>At each reporting period, management assesses evaluation and exploration assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated.</p> <p>An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses evaluation and exploration assets for impairment based on, at minimum, the presence of any one of the following indicators:</p>	<p>Our approach to addressing the matter involved the following procedures, among others:</p> <ul style="list-style-type: none">• Obtained evidence to support (i) the right to explore the area and (ii) claim expiration dates, by reference to government license registries.• Obtained evidence to support that substantive expenditure on further exploration and evaluation of mineral resources in the specific area are neither budgeted nor planned by reference to discussions with Management and review of budgets.• Obtained evidence to support the realized loss on sale of exploration and evaluation assets by reference to the review and testing of the sales agreement.
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<ul style="list-style-type: none"> • the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; • substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; • the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; • for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. <p>Management's assessment identified the existence of indicators of impairment as at December 31, 2023 and determined that the carrying amount of exploration and evaluation assets exceeded its recoverable amount resulting in the recognition of impairment of \$6,167,438.</p> <p>We considered this a key audit matter due to the significance of evaluation and exploration assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the evaluation and exploration assets and in the determination of the recoverable amount of these assets.</p> <p>These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<ul style="list-style-type: none"> • Assessed the completeness and accuracy of disclosures in consolidated financial statements of the Company.
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Other Information

Management is responsible for the other information. The other information comprises 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 audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, 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 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 scepticism 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 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 leader on the audit resulting in this independent auditor's report is Timur Lidzhiev.

Calgary, Alberta
April 29, 2024

PKF Antares

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Royal Road Minerals Limited
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,494,812	\$ 21,108,499
Term deposit (note 4)	6,791,353	-
Prepaid expenses and other assets (note 5)	425,375	144,178
Total current assets	13,711,540	21,252,677
Non-current assets		
Exploration and evaluation assets (note 11)	-	6,304,393
Government taxes receivable	-	234,645
Investment in joint venture (note 6)	406,723	-
Investment in associates	-	59,702
Property and equipment	88,080	110,851
Right-of-use asset	67,563	100,303
Total non-current assets	562,366	6,809,894
Total assets	\$ 14,273,906	\$ 28,062,571
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 287,163	\$ 864,541
Lease liability	37,626	33,105
Total current liabilities	324,789	897,646
Non-current liabilities		
Lease liability	41,566	76,973
Total non-current liabilities	41,566	76,973
Total liabilities	366,355	974,619
Shareholders' equity		
Share capital (note 7)	42,480,222	42,480,222
Contributed surplus	5,085,523	4,863,271
Translation of foreign operations	2,689,039	1,071,288
Accumulated deficit	(36,347,233)	(21,326,829)
Total shareholders' equity	13,907,551	27,087,952
Total liabilities and shareholders' equity	\$ 14,273,906	\$ 28,062,571

Nature of operations (note 1)
Subsequent event (note 17)

Approved on behalf of the Board:

"Tim Coughlin" Director

"Marcus Stone" Director

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

Royal Road Minerals Limited

Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars)

	Year Ended December 31,	
	2023	2022
Expenses		
Exploration and evaluation expenditures (note 11)	\$ 3,995,201	\$ 2,250,145
Professional fees (note 13)	596,649	950,365
General and administrative	934,395	1,260,112
Employee salaries and benefits (note 13)	1,325,930	1,826,062
Stock based compensation (note 9)	667,116	523,088
Social initiatives expenses	307,039	363,696
Impairment of investment in associate	51,500	25,562
Impairment of property and equipment	-	34,604
Impairment of exploration and evaluation assets (note 11)	6,167,438	3,517,137
Loss on sale of exploration and evaluation assets (note 11)	727,731	-
Loss incurred from joint operation with Hemco	166,855	3,025,648
Loss from joint venture (note 6)	497,024	-
Loss from investment in associate	8,202	14,354
Impairment of government tax receivable	340,430	-
Loss from operations	(15,785,510)	(13,790,773)
Other items		
Interest income (note 4)	570,903	-
Foreign exchange gain (loss)	(252,079)	1,467,527
Other income (expenses)	1,418	(6,173)
	320,242	1,461,354
Net loss for the year	(15,465,268)	(12,329,419)
Other comprehensive income (loss)		
Exchange differences arising on translation of foreign operations	1,617,751	178,568
Total comprehensive loss for the year	\$ (13,847,517)	\$ (12,150,851)
Net loss per share - basic and diluted (note 10)	\$ (0.06)	\$ (0.05)

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

Royal Road Minerals Limited
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2023	2022
Operating activities		
Net loss for the year	\$ (15,465,268)	\$ (12,329,419)
Adjustments for:		
Depreciation and amortization	62,369	68,175
Stock based compensation	667,116	523,088
Loss from joint venture	497,024	-
Loss from investment in associate	8,202	14,354
Impairment of investment in associate	51,500	25,562
Impairment of government tax receivable	340,430	-
Impairment of property and equipment	-	34,604
Impairment of exploration and evaluation assets (note 11)	6,167,438	3,517,137
Loss on sale of exploration and evaluation assets (note 11)	727,731	-
Loss on sale of equipment	21,390	-
Accretion expense	9,744	12,414
Interest accrued on term deposit	(178,353)	-
Exchange differences on translation of foreign operations	988,043	(1,330,242)
Changes in non-cash working capital items:		
Government tax receivable	19,239	180,036
Prepaid expenses and other assets	(281,197)	370,200
Accounts payable and accrued liabilities	(577,378)	66,123
Net cash used in operating activities	(6,941,970)	(8,847,968)
Investing activities		
Purchase of property and equipment	(14,336)	(30,028)
Proceeds from sale of exploration and evaluation assets (note 11)	93,769	-
Purchase of exploration and evaluation assets	-	(430,659)
Purchase of investment in associates	(903,747)	(74,056)
Purchase of term deposit	(6,613,000)	-
Net cash used in investing activities	(7,437,314)	(534,743)
Financing activities		
Lease payments	(43,636)	(41,808)
Net cash used in financing activities	(43,636)	(41,808)
Net change in cash and cash equivalents	(14,422,920)	(9,424,519)
Effect of foreign currencies on cash and cash equivalents	(190,767)	1,512,463
Cash and cash equivalents, beginning of year	21,108,499	29,020,555
Cash and cash equivalents, end of year	\$ 6,494,812	\$ 21,108,499

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

Royal Road Minerals Limited
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
Balance, December 31, 2021	\$ 42,480,222	\$ 353,552	\$ 5,260,640	\$ 892,720	\$ (10,271,419)	\$ (607)	\$ 38,715,108
Warrants expired	-	(353,552)	353,552	-	-	-	-
Options expired	-	-	(1,274,009)	-	1,274,009	-	-
Stock based compensation	-	-	523,088	-	-	-	523,088
Total comprehensive loss for the year	-	-	-	178,568	(12,329,419)	607	(12,150,244)
Balance, December 31, 2022	42,480,222	-	4,863,271	1,071,288	(21,326,829)	-	27,087,952
Options expired	-	-	(444,864)	-	444,864	-	-
Stock based compensation	-	-	667,116	-	-	-	667,116
Total comprehensive loss for the year	-	-	-	1,617,751	(15,465,268)	-	(13,847,517)
Balance, December 31, 2023	\$ 42,480,222	\$ -	\$ 5,085,523	\$ 2,689,039	\$ (36,347,233)	\$ -	\$ 13,907,551

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

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

1. Nature of Operations

Royal Road Minerals Limited ("Royal Road" or the "Company") was incorporated under the *Companies (Jersey) Law 1991* on May 6, 2010 as "Tigris Resources Limited". On April 10, 2015, the Company changed its name to "Royal Road Minerals Limited" and amended its share capital structure by converting all of its par value shares to no par value shares and consolidating its then outstanding shares on the basis of two pre-consolidation shares for every one post-consolidation share. On April 15, 2015, the Company completed a business combination transaction (the "Arrangement") by way of an arrangement under the *Business Corporations Act* (Alberta), whereby the Company acquired its wholly-owned subsidiary Royal Road Minerals Canada Limited ("RRMC"), a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. ("Kirkcaldy") and Royal Road Minerals Canada Limited. As a result of the Arrangement, on April 20, 2015, the ordinary shares (the "Ordinary Shares") of the Company were listed and commenced trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "RZR". The Company's registered and head office is located at Ground Floor, Portman House, 32 Hue Street, St. Helier, Jersey, Channel Islands, JE2 3RE.

The Company carries on its operations in Colombia through its wholly-owned subsidiaries, Minerales Camino Real, SAS ("RRM Colombia") and Exploraciones Northern Colombia Exploration ("ENC"); in Nicaragua, through its wholly-owned subsidiary, Minerales Camino Real Nicaragua SA ("RRM Nicaragua"); in Argentina through its wholly-owned subsidiary, Minerales Camino Real Argentina ("RRM Argentina"); and in Jersey through Royal Road Accelerator (Jersey).

2. Material Accounting Policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2023. The Board of Directors approved the statements on April 29, 2024.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and presented in Canadian dollars.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Company and its subsidiaries, collectively (the "Group"), were as follows:

Name	Place of incorporation	Ownership	
		December 31, 2023	December 31, 2022
Royal Road Minerals Limited	Jersey, Channel Islands	100%	100%
Royal Road Accelerator (Jersey),	Jersey, Channel Islands	100%	100%
Royal Road Minerals Canada Limited	Ontario, Canada	100%	100%
Minerales Camino Real Nicaragua S.A	Nicaragua, South America	100%	100%
Minerales Camino Real, SAS	Colombia, South America	100%	100%
Exploraciones Northern Colombia Exploration	Colombia, South America	100%	100%
Minerales Camino Real Argentina	Argentina, South America	100%	100%

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(d) *Basis of consolidation (continued)*

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(d) *Foreign currencies*

The individual financial statements of each entity in the Group are prepared in the currency of the primary economic environment in which the entity operates (its "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Canadian dollars, which is the functional currency of the parent.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise. The functional currencies of the Company's Colombian, Saudi, Nicaraguan and Argentinian subsidiaries are the Colombian Peso, Saudi Riyal, Nicaraguan Cordoba and the Argentinian Peso, respectively. The functional currency of Royal Road Minerals Limited is the Canadian Dollar.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are expressed in Canadian dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are recognized directly into other comprehensive loss and transferred to the Group's translation of foreign operations reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed.

(e) *Joint arrangements*

Joint arrangements exist where there is joint control and the arrangement may be either a joint venture or joint operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(e) *Joint arrangements (continued)*

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. A joint operation on the other hand is an arrangement where the parties have rights to the assets, obligations and liabilities relating to the arrangement. The results are included in the consolidated statements of earnings using the equity method of accounting. The consolidated financial statements include the Company's share of both earnings and other comprehensive income from the date that significant influence or joint control commences until the date that it ceases. Joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the entity, less any impairment in value.

During 2017, the Group entered into a joint operation in Nicaragua. This joint venture was terminated in May 2023.

During 2023, the Group entered into a joint operation in the Kingdom of Saudi Arabia via its 50% owned vehicle Royal Road Arabia (note 6).

(f) *Exploration and evaluation*

Exploration and evaluation assets acquired are initially recognized at fair value as exploration and evaluation assets. Exploration and evaluation expenditures other than those acquired as a result of a business combination or an asset acquisition are expensed as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. The Company records property option receipts in operations rather than as a reduction of exploration and evaluation asset.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) *Impairment of exploration and evaluation*

The Company is required to assess exploration and evaluation assets for impairment. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability is dependent on a number of factors common to the resources sector. These include the extent to which the Company can continue to renew its exploration and evaluation licenses with local authorities, establish economically recoverable reserves on its properties, the availability of necessary financing and future profitable production or proceeds from the disposition thereof.

(h) *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment for depreciation purposes.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of loss.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(h) Property and equipment (continued)

Expenditure to replace a component of an item of property equipment that is accounted for separately is capitalized and the existing carrying amount of the component written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the consolidated statement of loss as incurred.

Depreciation is charged to the consolidated statement of loss based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The estimated useful lives are as follows:

Vehicles	3 – 5 years
Equipment	3 – 5 years

(i) Leases and right-of-use assets

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(j) Impairment of property and equipment and intangible assets with finite lives

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the property and equipment at the date the impairment is reversed does not exceed what the cost less accumulated depreciation would have been had the impairment not been recognized.

(k) Taxation

The Group has no taxable profit and no current income tax.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(l) *Financial instruments*

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

Classification	IFRS 9
Cash and cash equivalents	Amortized cost
Other assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as “fair value through profit and loss” (“FVTPL”), directly attributable transaction costs.

(i) Recognition and Measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ('FVTPL'). The directly attributable transactions costs of financial assets and liabilities as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

(ii) Classification of financial assets

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of financial assets is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative amortization using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

All of the Company's financial assets are measured at amortized cost. The Company's financial assets at amortized costs primarily include cash and cash equivalents and other receivables included in current assets.

(iii) Classification of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

(iv) Impairment

The Company recognizes loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(m) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(n) Stock based compensation

Equity-settled awards, including stock options are accounted for using the fair value-based method. Under the fair value-based method, compensation cost of a stock option is measured at fair value at the date of the grant and is expensed over the stock option's vesting period, with a corresponding increase to contributed surplus.

When these stock options are exercised or expired, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

(o) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration and evaluation is capitalized into the cost of the related asset and amortized on the same basis as the related asset. Changes in the estimate of the provision of restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognized as a finance cost rather than being capitalized into the cost of the related asset.

The Group has no current obligations for restoration and rehabilitation.

(p) Segment information

The Company operates in one business segment, mineral exploration.

The Group has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a geographic perspective and assesses the performance of geographic segments based on measures of profit and loss as well as assets and liabilities. These measures include operating expenditures, expenditures on exploration, property and equipment, non-current assets and total debt, if any.

During the year ended December 31, 2023, the Group operated under four geographic segments engaged in mineral exploration and development in Colombia, Nicaragua, Argentina and the Kingdom of Saudia Arabia. Financial information about each of these operating segments is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Material Accounting Policies (Continued)

(q) Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) *New standards not yet adopted*

Effective January 1, 2024, the Company adopted the new and amended IFRS pronouncement listed below, in accordance with the transitional provisions outlined in the respective standard. The adoption of these pronouncements did not have a material impact on the Corporation's financial statements.

3. Critical Accounting Judgments

Critical judgments in applying the Company's accounting policies

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies are as follows:

Functional currency

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. The functional currency of the parent is the Canadian dollar. The Company has determined the functional currency of its Colombian, Saudi, Nicaraguan and Argentinian subsidiaries to be the Colombian Peso, Saudi Riyal, Nicaraguan Cordoba and Argentinian Peso, respectively.

Impairment of exploration and evaluation assets

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Factors which could trigger an impairment assessment include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted base and precious metal prices.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

3. Key sources of estimation uncertainty (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility, expected life of the instrument, forfeiture rate, and future risk-free rate. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

4. Term deposit

As at December 31, 2023, the Company invested US\$5 million (\$6,613,000) in a term deposit for a term of six months earning interest at 5.58% per annum. The term deposit included accrued interest of \$178,353.

5. Prepaid Expenses and Other Assets

	As at December 31, 2023	As at December 31, 2022
Prepaid expenses and advances	\$ 8,861	\$ 117,395
Receivable from sale of exploration and evaluation assets	136,963	-
Security deposits	26,783	26,783
Other receivables ⁽¹⁾	252,768	-
Total	\$ 425,375	\$ 144,178

⁽¹⁾ As at December 31, 2023, the Company was owed \$252,768 from RRA (note 6).

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

6. Investment in joint venture

In June 2023, Royal Road entered into a Joint Venture Share Holder Agreement (the "Agreement") with MSB Holdings Limited ("MSB") with respect to establishing a joint-venture company for the exploration of copper and gold resources in the Arabian Shield.

In August 2023, the Company incorporated Royal Road Arabia LLC ("RRA") a Saudi Arabian joint venture vehicle owned on a 50-50% basis by Royal Road and MSB. Royal Road is operator and the board of RRA is made up of an equal number of directors appointed by Royal Road and MSB.

Summary terms of the Agreement, subject to regulatory approval, are as follows:

- Whilst each party holds 50% of the issued shares of RRA, the board of RRA shall be made up of an equal number of directors appointed by Royal Road and MSB. If a party's shareholding in RRA is reduced to 30% or less of the issued shares of RRA, that party shall no longer be entitled to appoint any directors to the board.
- Royal Road will act as operator for RRA and all operations in relation to the joint venture will be conducted on the basis of an approved program and budget prepared by Royal Road and approved by the board of RRA.
- If a party to the joint venture fails to fund its relevant proportion of the funding required pursuant to a program and budget as and when required, such failure shall cause its shareholding in RRA to be diluted on a pro-rata basis.
- Provided that it owns more than 30% of the total issued shares in RRA, the non-contributing party shall have a catch-up right to restore its 50% shareholding at such time as the board has approved a further program and budget which requires further funding by the parties.
- Dilution to below 20% shall convert to a net smelter royalty of 2%.

The Agreement contains customary deadlock provisions, transfer restrictions and matters reserved for shareholder approval.

In October 2023, RRA, entered into an option agreement to acquire up to 100% of Izughar Resources S.R.L a Moroccan company holding certain exploration titles located within an agreed Area of Interest incorporating the Alouana copper-gold polymetallic project in eastern Morocco. Royal Road and MSB made initial investments of 2,500,000 Saudi riyals (\$903,747) each.

RRA is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

Investment in Royal Road Arabia LLC

Balance, December 31, 2022	\$	-
Additional investment		903,747
Loss pick-up from associate		(497,024)
Balance, December 31, 2023	\$	406,723

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

6. Investment in joint venture (Continued)

The following tables summarizes, in aggregate, the financial information of RRA. The amounts included in the IFRS financial statements of the associate are presented in Saudi riyal ("SAR").

	As of December 31, 2023 (Expressed in SAR)
Balance Sheet	
Current assets	
Cash and cash equivalents	1,144,177
Prepaid expenses and other assets	61,599
Total current assets	1,205,776
Non-current assets	
Exploration and evaluation assets	1,072,398
Property and equipment	750,925
Total non-current assets	1,823,323
Total assets	3,029,099
Current liabilities	
Accounts payable and accrued liabilities	766,018
Total current liabilities	766,018
Total non-current liabilities	-
Total liabilities	766,018
Net assets	2,263,081
<hr/>	
	From August 14, 2023 December 31, 2023 (Expressed in SAR)
Statement of Loss and Comprehensive Loss	
Revenue	-
Expenses	
Exploration and evaluation expenditures	586,536
General and administrative	1,213,695
Consultancy	786,232
Depreciation	150,456
Net loss and comprehensive loss for the period	2,736,919

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

7. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of Ordinary Shares without par value. Each Ordinary Share entitles the holder to one vote. All Ordinary Shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

(b) Common shares issued

At December 31, 2023, the issued share capital amounted to \$42,480,222. The change in issued share capital for the years presented were as follows:

	Number of Shares	Amount
Balance, December 31, 2022 and 2023	265,695,801	\$ 42,480,222

8. Warrants

The following table reflects the continuity of warrants for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2021	1,873,350	\$ 0.37
Expired	(1,873,350)	0.37
Balance, December 31, 2022 and 2023	-	\$ -

9. Stock Options

The Option Plan is a rolling stock option plan under which options may be granted in respect of authorized and unissued Ordinary Shares to any director, officer, employee (part-time or full-time), service provider or consultant of the Company or any of its subsidiaries provided that, the aggregate number of Ordinary Shares reserved by the Company for issuance and which may be purchased upon the exercise of all options shall not exceed 10% of the issued and outstanding Ordinary Shares at the time of granting of options (on a non-diluted basis). If any option granted under the Option Plan is surrendered, terminated, expires or is exercised, the Ordinary Shares reserved for issuance, or issued, pursuant to such option shall be available for new options granted under the Option Plan.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Stock Options (Continued)

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	19,412,941	\$ 0.33
Granted (i)	4,000,000	0.35
Cancelled / forfeited	(9,212,941)	0.26
Balance, December 31, 2022	14,200,000	0.37
Granted (ii)	10,650,000	0.17
Cancelled / forfeited	(3,250,000)	0.32
Balance, December 31, 2023	21,600,000	\$ 0.28

(i) On April 6, 2022, the Company granted 4,000,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.35 per common share, expiring on April 6, 2024, pursuant to the terms of the Company's stock option plan. The options vested immediately.

The options were assigned a fair value of \$396,000 using the Black-Scholes option pricing model with the following assumptions: share price \$0.27, dividend yield 0%, forfeiture rate of 0%; expected volatility 80% (based on the historical price history of the Company's common shares), risk-free interest rate 2.37%.

(ii) On May 2, 2023, the Company granted 10,650,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.17 per common share, expiring on May 2, 2026, pursuant to the terms of the Company's stock option plan. The options vested 30% 90 days from the grant date, another 30% 180 days from the grant date and the remaining 40% 360 days from the grant date.

The options were assigned a fair value of \$766,800 using the Black-Scholes option pricing model with the following assumptions: share price \$0.135, dividend yield 0%, forfeiture rate of 0%; expected volatility 90% (based on the historical price history of the Company's common shares), risk-free interest rate 3.48%.

The Company had the following stock options outstanding as of December 31, 2023:

Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
Outstanding	Exercisable			
3,750,000	3,750,000	\$ 0.35	0.27	April 6, 2024
7,200,000	7,200,000	\$ 0.40	1.94	December 9, 2025
10,650,000	6,390,000	\$ 0.17	2.34	May 2, 2026
21,600,000	17,340,000		1.85	

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Net loss per share

	Year Ended December 31,	
	2023	2022
Net loss for the year	\$(15,465,268)	\$(12,329,419)
Net loss per share - basic and diluted	\$ (0.06)	\$(0.05)
Weighted average number of shares outstanding - basic and diluted	265,695,801	265,695,801

11. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at December 31, 2023	As at December 31, 2022
Colombia		
Balance - beginning of the year	\$ 6,213,456	\$ 5,743,095
Additions / (disposal)	(946,524)	437,764
Impairment	(6,076,501)	-
Translation differences	809,569	32,597
Balance - end of the year	-	6,213,456
Nicaragua		
Balance - beginning of the year	90,937	3,608,074
Impairment	(90,937)	(3,517,137)
Balance - end of the year	-	90,937
Total balance - end of the year	\$ -	\$ 6,304,393

Exploration and evaluation expenditures consisted of:

	Year Ended December 31,	
	2023	2022
Colombia	\$ 451,824	\$ 2,012,256
Nicaragua	191,529	191,609
Argentina	3,207,357	-
Other	144,491	46,280
Total exploration and evaluation expenditures	\$ 3,995,201	\$ 2,250,145

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Exploration and Evaluation Assets and Expenditures (Continued)

Colombia

In 2022, the Company focused most of its efforts in target generation and drilling the Guintar Niverengo Margaritas project and in adjacent properties over which it has an option to acquire. It also has conducted regional exploration activities in Caldas. In Southern Colombia, the Company maintained its various agreements with the goal of formalizing informal mine operations within its mining titles. Previously, Royal Road had entered into six mining formalization agreements in Nariño. The Agreements were negotiated and entered into under the framework of the Colombian government's National Policy for Mining Formalization wherein specific portions of the area held under concession by the Company will be returned directly to informal miners so that new formalized concession contracts over such returned areas may be granted, enabling legal and responsible mining operations to take place. In exchange, Royal Road will receive a quarterly royalty equivalent to 3% of the ore extracted from the formalized concessions and has been granted the sole and exclusive right to carry out all exploration activities on the formalized concessions and the right to acquire 70% of the formalized concessions, subject to the completion of certain exploration milestones. In case the Company assists in further optimizing mine operations on formalized concessions, Royal Road may increase the royalty to be received by a further 1%.

El Aleman

In December 2021, the Company announced that it has entered into two binding Heads of Agreements with respect to, a mining concession contract (the "Concession Contract") owned by titleholders (the "Titleholders") and an application (the "Application") for a mining concession contract, owned by an individual applicant and its nominees (the "Applicants"). The properties underlying the Concession Contract and the Application are, in each case, located proximal to the Company's Guintar copper and gold project in Antioquia Department, Colombia.

The Heads of Agreements contain the following basic terms:

- An initial payment (the "Option Payment") of, in the case of the Concession Contract US\$150,000 and in the case of the Application US\$100,000, which provides Royal Road with the exclusive right to earn an 80% interest in the Concession Contract and in the Application, respectively.
- A subsequent payment, in the case of the Concession Contract, of a further US\$100,000 once certain regulatory approvals are attained and, in the case of the Application, a further US\$150,000 on the conversion of the Application to a concession contract.
- In the case of the Concession Contract, Royal Road will be responsible for all properly incurred obligations, liabilities, expenses and regulatory costs related with regulatory approvals up to a capped limit of US\$500,000.
- At any point following the Option Payment, Royal Road may exercise its option to acquire an 80% interest in the Concession Contract by making a one-time payment of US\$2.25 million and in the Application by making a one-time payment of US\$1.125 million.
- In both cases, the 20% interest retained by the Titleholders and the Applicants, respectively, will be free carried until a successful feasibility study is delivered in connection with or incorporating the relevant property, at which point this interest will be converted to a 2% net smelter returns royalty in relation to metals extracted from the underlying properties, which may be purchased by Royal Road for US\$20 million in the case of the Concession Contract and US\$10 million in the case of the Application.
- Royal Road shall have a right of first refusal on any sale of either of the 20% interests up until the point of conversion to a net smelter royalty.

Royal Road Minerals Limited

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(Expressed in Canadian Dollars, unless otherwise indicated)

11. Exploration and Evaluation Assets and Expenditures (Continued)

The terms and conditions set forth in the Heads of Agreements create binding legal obligations on the parties. The parties will enter into Definitive Agreements which shall be based upon and incorporate the form and substance of these Heads of Agreements.

In August 2022, the Company acquired 25% of the Concession contract.

On October 24, 2023, the Company announced that its 100% owned Colombian subsidiary Exploraciones Northern Colombia SAS ("ENC"), has entered into two formalization-based agreements with producing gold mines in the Antioquia and Cauca Departments of Colombia. ENC has executed an Option and Royalty Agreement (the "Aleman Agreement") with respect to the El Aleman gold mining concession contract (the "Aleman Concession Contract") owned by individual titleholders (the "Titleholders") and located in Colombia's Antioquia Department. The Aleman Agreement replaces a Binding Heads of Agreement which was entered into between the Company and the Titleholders in December of 2021.

Under the terms of the Option and Royalty Agreement, the Company can acquire 100% of the Aleman Concession Contract. Summary terms are as follows:

- **Royalty Commitment:** The Titleholders shall pay a 3% Net Smelter Returns royalty to ENC which is payable quarterly for a period of 20 years (the current term of the company's Guintär concession contract) or until the Company exercises its Option to acquire an 80% interest in the Concession Contract.
- **Option Agreement:** At any point, Royal Road may exercise its option to acquire an 80% interest in the Concession Contract by making a one-time payment to the Titleholders of USD\$2.25 million.
- **Free Carry:** Following such payment, the 20% interest retained by the Titleholders shall be free carried until a successful feasibility study is delivered in connection with or incorporating the Aleman concession contract, at which point this interest will be converted to a 2% net smelter returns royalty. The net smelter returns royalty may be purchased by Royal Road for a sum of USD\$20 million.

During the year ended December 31, 2023, the Company recorded an impairment of \$6,167,438 (2022 - \$3,517,137) its exploration and evaluation assets. Management determined that these assets were impaired based on the Company's decision to suspend exploration on the properties in Colombia and Nicaragua and redirect its focus on projects in Saudi Arabia.

Argentina

In November 2022, the Company entered into a binding Heads of Agreement with an individual title holder, which provides the Company with the option to acquire 100% of certain mineral rights within the Santo Domingo porphyry copper and gold district in San Juan Province, Argentina.

On February 14, 2023, the Company entered into a Definitive Option Agreement, pursuant to the Heads of Agreement, with an individual title holder, which provides the Company with the option to acquire 100% of certain mineral rights within the Santo Domingo porphyry copper and gold district in San Juan Province, Argentina.

The Agreement comprises:

- An initial payment upon execution of the Heads of Agreement of US\$100,000.
- Annual payments upon the anniversary of the Definitive Agreement totaling US\$800,000 for the next four years.
- An option to purchase 100% of the concessions in the area of interest in exchange for a payment of US\$2,500,000.
- A one-time payment of US\$500,000 upon the filing of the first JORC compliant resource from within the area of interest during the term of the Definitive Agreement.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Exploration and Evaluation Assets and Expenditures (Continued)

Argentina (continued)

- Provided that and following such time that, Royal Road has acquired 100% of the concessions in the area of interest a one-time payment of US\$2,000,000 upon the filing of the first successful feasibility study prepared by or for Royal Road that demonstrates to Royal Road's satisfaction the feasibility of putting a property into commercial production.
- A one-time payment of US\$10,000,000 upon the first commercial production from the mining project (minimum 75% production capacity of the mine as per the feasibility study).
- The Company has a right to terminate the Agreement at any time and at its sole discretion in which case the Company will have no obligation to make any further payments.

12. Segmented Information

The Company's information about its operations and assets by geographic location is detailed below.

Year ended December 31, 2023	Jersey	Colombia	Nicaragua	Argentina	Other	Total
Net loss	\$ (4,693,977)	\$ (6,730,752)	\$ (379,209)	\$ (3,164,306)	\$ (497,024)	\$ (15,465,268)

Year ended December 31, 2022	Jersey	Colombia	Nicaragua	Argentina	Other	Total
Net loss	\$ (3,553,424)	\$ (1,957,047)	\$ (6,799,402)	\$ -	\$ (19,546)	\$ (12,329,419)

As at December 31, 2023	Jersey	Colombia	Nicaragua	Argentina	Other	Total
Non-current assets	\$ 95,232	\$ 60,412	\$ -	\$ -	\$ 406,722	\$ 562,366

As at December 31, 2022	Jersey	Colombia	Nicaragua	Argentina	Other	Total
Non-current assets	\$ 191,826	\$ 6,511,015	\$ 107,053	\$ -	\$ -	\$ 6,809,894

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

13. Related Party Balances and Transactions

In accordance with IAS 24, key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The key management personnel of the Company are the directors and officers of the Company. No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel for the years presented was as follows:

	Year Ended December 31,	
	2023	2022
Salaries	\$ 814,272	\$ 1,170,315
Stock based compensation	353,916	249,503
Professional fees	30,005	30,000
	\$ 1,198,193	\$ 1,449,818

14. Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of share capital, warrants, contributed surplus and accumulated deficit, which at December 31, 2023 totalled \$13,907,551 (December 31, 2022 - \$27,087,952). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Royal Road Minerals Limited

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Years Ended December 31, 2023 and 2022

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15. Financial Instruments Risk

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

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 monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at December 31, 2023, the term deposit was invested at a fixed rate.

Foreign exchange risk

As at December 31, 2023, cash and cash equivalents totalled \$6,494,812 (December 31, 2022 - \$21,108,499). The Company's cash and cash equivalents are denominated in the following currencies:

	As at December 31, 2023	As at December 31, 2022
Denominated in Canadian dollars	\$ 454,034	\$ 1,165,650
Denominated in Australian dollars	620	719
Denominated in US dollars	5,719,692	19,593,520
Denominated in British pound	208,927	145,245
Denominated in Colombian pesos	97,238	167,393
Denominated in Nicaraguan Cordoba	2,579	26,587
Denominated in Swiss Franc	79	73
Denominated in Argentine Peso	8,041	8,579
Denominated in Euro	1,344	733
Denominated in Saudi Riyal	2,258	-
	\$ 6,494,812	\$ 21,108,499

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral exploration properties. The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of gold and copper. The Company monitors commodity prices to determine the appropriate course of action to be taken.

Royal Road Minerals Limited

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

16. Income Taxes

Reconciliation of income tax expense:

Year Ended December 31,	2023	2022
Loss before income taxes	\$ (15,465,268)	\$ (12,329,419)
Combined statutory tax rate	0%	0%
Expected income tax expense (recovery) based on statutory rates	-	-
Increase (decrease) to the income tax expense resulting from:		
Differences in foreign tax rates	815,161	1,184,149
Change in deferred income tax asset not recognized	(815,161)	(1,184,149)
Income tax (recovery) expense	\$ -	\$ -

The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

As at December 31,	2023	2022
Non-capital losses carried forward	\$ 2,706,818	\$ 1,891,657
Deferred tax asset (liability)	2,706,818	1,891,657
Change in deferred income tax asset not recognized	(2,706,818)	(1,891,657)
Deferred tax asset (liability)	\$ -	\$ -

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that future profit will allow the deferred tax assets to be recovered.

17. Subsequent events

In January 2024, the Company cancelled an aggregate of 7.2 million stock options with an exercise price of \$0.40. In addition, the Company granted 3 million stock options to a director and two employees with an exercise price of \$0.15 for a period of two years from date of grant.