

MANTARO PRECIOUS METALS CORP.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended May 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

Mantaro Precious Metals Corp.

Condensed Interim Consolidated Financial Statements

Three months ended May 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at May 31, 2022 and February 28, 2022
(Unaudited - Expressed in Canadian Dollars)

	Notes	May 31, 2022 \$	February 28, 2022 \$
ASSETS			
Current assets			
Cash		3,652,278	4,579,522
Prepaid expenses and deposits		50,266	43,217
Accounts receivable	5	63,051	51,451
		<u>3,765,595</u>	<u>4,674,190</u>
Non-current assets			
Equipment		8,100	6,836
Exploration and evaluation assets	6	6,400,800	5,586,659
		<u>10,174,495</u>	<u>10,267,685</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	489,556	325,948
		<u>489,556</u>	<u>325,948</u>
Equity			
Share capital	7	11,694,938	11,694,938
Reserves		3,259,084	3,211,917
Deficit		(5,269,083)	(4,965,118)
		<u>9,684,939</u>	<u>9,941,737</u>
		<u>10,174,495</u>	<u>10,267,685</u>

Nature of Operations (Note 1)
Going Concern (Note 2)

Approved by the Board of Directors on July 28, 2022

"Craig Hairfield" Director
Craig Hairfield

"Christopher Wilson" Director
Christopher Wilson

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three months ended May 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Notes	2022 \$	2021 \$
EXPENSES			
Accounting and audit	8	41,004	48,852
Amortization		541	-
Director fees	8	31,311	-
Legal fees	8	30,726	6,182
Management and consulting	8	74,900	83,899
Office and miscellaneous		9,190	1,605
Project investigation costs		-	58,071
Regulatory and transfer agent fees		5,878	14,277
Shareholder communications		64,276	42,904
Share-based payments	7(d)	47,167	1,142,940
Travel and accommodation		4,789	-
Loss before other items		(309,782)	(1,398,730)
Other income (expense) items			
Interest income		5,817	5,835
Listing expense		-	(2,081,180)
Net loss and comprehensive loss		(303,965)	(3,474,075)
Basic and diluted loss per share	7(f)	(0.00)	(0.12)
Weighted average number of common shares outstanding – basic and diluted		61,486,333	29,915,505

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended May 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	2022 \$	2021 \$
Cash (used in) provided by		
OPERATING ACTIVITIES		
Net loss	(303,965)	(3,474,075)
Non-cash items:		
Amortization	541	-
Share-based payments	47,167	1,142,940
Listing expense	-	2,081,180
	<u>(256,257)</u>	<u>(249,955)</u>
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(11,600)	-
Accounts receivable	(7,049)	(9,847)
Accounts payable and accrued liabilities	89,408	180,363
	<u>(185,498)</u>	<u>(79,439)</u>
INVESTING ACTIVITIES		
Exploration and evaluation assets	(739,941)	(300,666)
Cash acquired on reverse takeover	-	350,023
Purchase of property and equipment	(1,805)	-
	<u>(741,746)</u>	<u>49,357</u>
FINANCING ACTIVITIES		
Issuance of common shares	-	187,038
	<u>-</u>	<u>187,038</u>
Change in cash	(927,244)	156,956
Cash and restricted cash, beginning	4,579,522	8,173,417
Cash and restricted cash, end	<u>3,652,278</u>	<u>8,330,373</u>
Cash paid for interest	-	-
Cash paid for income taxes	-	-

Non-cash Transactions (Note 10)

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

MANTARO PRECIOUS METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended May 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Share subscriptions received \$	Reserves \$	Deficit \$	Total \$
Balance, February 28, 2021	25,239,001	1,658,385	188,212	337,100	(175,735)	2,007,962
Issued during the period:						
Common shares pursuant to the reverse takeover	8,178,538	2,396,312	-	-	-	2,396,312
Units pursuant to private placement	1,072,142	314,144	(188,212)	61,106	-	187,038
Units pursuant to subscription receipts	23,576,652	6,908,101	-	1,343,727	-	8,251,828
Less: Issue costs – cash	-	(359,642)	-	-	-	(359,642)
Less: Issue costs – finders warrants	-	(134,300)	-	-	-	(134,300)
Common shares pursuant to mineral property agreements	375,000	109,875	-	-	-	109,875
Warrants pursuant to mineral property agreements	-	-	-	32,708	-	32,708
Share-based payments	-	-	-	1,142,940	-	1,142,940
Comprehensive loss for the period	-	-	-	-	(3,474,075)	(3,474,075)
Balance, May 31, 2021	58,441,333	10,892,875	-	2,917,581	(3,649,810)	10,160,646
Issued during the period:						
Common shares pursuant to mineral property agreements	1,875,000	358,125	-	-	-	358,125
Warrants pursuant to mineral property agreements	-	-	-	62,400	-	62,400
Common shares pursuant to exercise of options	50,000	-	-	-	-	-
Transfer on exercise of options	-	13,486	-	(13,486)	-	-
Common shares pursuant to exercise of warrants	1,120,000	392,000	-	-	-	392,000
Transfer on exercise of warrants	-	38,452	-	(38,452)	-	-
Share-based payments	-	-	-	283,874	-	283,874
Comprehensive loss for the period	-	-	-	-	(1,315,308)	(1,315,308)
Balance, February 28, 2022	61,486,333	11,694,938	-	3,211,917	(4,965,118)	9,941,737
Share-based payments	-	-	-	47,167	-	47,167
Comprehensive loss for the period	-	-	-	-	(303,965)	(303,965)
Balance, May 31, 2022	61,486,333	11,694,938	-	3,259,084	(5,269,083)	9,684,939

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

MANTARO PRECIOUS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Mantaro Precious Metals Corp. (the "Company", "Mantaro") was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is an exploration stage company focusing on mineral properties in Bolivia and Peru. The Company's head and registered and records office is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "MNTR.V", the Frankfurt Stock Exchange under the symbol "9TZ" and are quoted on the OTCQB Marketplace under the symbol "MSLVF".

2. Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

At May 31, 2022, the Company had not yet achieved profitable operations, had an accumulated deficit of \$5,269,083 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The above factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

3. Basis of Presentation and Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended February 28, 2022 except as outlined in Note 4.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Unless otherwise stated, all dollar amounts are in Canadian dollars.

4. Accounting Standards Issued But Not Yet Effective

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements

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5. Receivables

	May 31, 2022 \$	February 28, 2022 \$
GST receivable	63,051	51,451
Total receivables	63,051	51,451

6. Exploration and Evaluation Assets

	Santas Gloria Silver Property(a)	San Jose Silver Property(b)	La Purisima, Cerro Luque and Huaranay Properties	Golden Hill Property(c)	Total
Balance, February 28, 2021	1,197,679	511,662	26,438	-	1,735,779
Acquisition costs	298,601	407,055	-	1,052,252	1,757,908
Exploration costs	848,759	690,820	-	579,831	2,119,410
Impairment	-	-	(26,438)	-	(26,438)
Balance, February 28, 2022	2,345,039	1,609,537	-	1,632,083	5,586,659
Acquisition costs - cash	-	-	-	254,646	254,646
Exploration costs					
Administration	68,450	31,231	-	24,295	123,976
Assays	-	-	-	13,481	13,481
Drilling	-	-	-	79,725	79,725
Field costs	1,869	400	-	14,074	16,343
Geological	957	957	-	201,736	203,650
Other	-	-	-	41,072	41,072
Permitting	13,044	-	-	-	13,044
Project management	958	1,159	-	66,087	68,204
Total exploration costs	85,278	33,747	-	440,470	559,495
Balance, May 31, 2022	2,430,317	1,643,284	-	2,327,199	6,400,800

(a) Santas Gloria Silver Property

The Santas Gloria Silver Property ("Santas Gloria") is 100% owned by Mantaro. It is comprised of three mineral concessions totaling 1,100 hectares and is located 55 kilometers directly east of Lima, Peru.

Mantaro entered into an acquisition agreement for three mineral concessions dated October 6, 2020 (the "Santas Gloria Agreement") with the former property owners of the Santas Gloria Property. Under the terms of the Santas Gloria Agreement, Mantaro is required to pay the former property owners (i) US \$340,000 (paid), (ii) US \$200,000 in monthly installments (paid), and (iii) incur a total of US \$1,500,000 in exploration expenditures (US \$500,000 by October 2021 (incurred) and US \$1,000,000 by October 2022) on the Santas Gloria Silver Property.

Mantaro will also pay a one-time discovery bonus of US \$1,000,000 upon announcement of a resource estimate of 10,000,000 ounces Ag equivalent on the three mineral concessions on the Santas Gloria Property acquired on October 6, 2020. This bonus is contingent purchase consideration and no amount has been accrued as a liability due to uncertainty in an obligation based solely on a future resource estimate on an exploration stage property.

On July 15, 2021, Mantaro entered into a purchase agreement with a third party property vendor to acquire four mineral concessions totaling 2,172 hectares. The mineral concessions are located adjacent and/or in the near vicinity of the Santas Gloria Silver Property. On September 7, 2021, the Company issued 500,000 shares at the fair value of \$132,500 and paid US\$50,000 (\$63,724) to the

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property vendor to acquire these four mineral concessions. The title to these new concessions is in the process of being legally transferred.

(b) San Jose Silver Property

The San Jose Silver Property is 100% owned by Mantaro. It is comprised of five concessions totaling 3,300 hectares and located 180 kilometers directly north of Lima, Peru.

Mantaro entered into an acquisition agreement dated July 29, 2020, as amended in November 2020, ("San Jose Agreement") with the former owners of the San Jose Silver Property. Under the terms of the San Jose Agreement, Mantaro is required to pay and issue to the former owners of four of the five concessions that comprise the San Jose Silver Property: (i) US \$80,000 on signing of the San Jose Agreement (paid), (ii) US \$40,000 on October 28, 2020 (paid), (iii) US \$60,000 in July 2021 (paid), (iv) US \$90,000 in July 2022, (v) US \$150,000 in July 2023, (vi) 375,000 shares (issued) and 125,000 warrants (issued) on listing with the Exchange, and (vii) 375,000 shares (issued) and 125,000 warrants (issued) on six months after listing on the Exchange. In the event that the Company determines not to make any of the payments, the title to the concessions will return to the former owners.

Mantaro is also required to incur a total of US \$150,000 in exploration expenditures on the San Jose Property by July 2023. Four of the five concessions of the San Jose Silver Property are subject to a 2% Net Smelter Return Royalty, of which Mantaro may repurchase each 1% Net Smelter Return Royalty with a payment of US \$750,000 or US \$1,500,000 for the entire 2% Net Smelter Return Royalty.

On October 16, 2020, Mantaro entered into a public deed with a third party vendor to acquire the Fortune Key Jof mineral concession, which totals 600 hectares. In consideration of the Fortune Key Jof mineral concession, Mantaro paid US \$50,000 to the property owners. The Fortune Key Jof mineral concession is located adjacent to the San Jose Silver Property.

(c) Golden Hill Property

The Company has an option to acquire up to 80% of the Golden Hill Property, by way of a property option agreement with Minera Golden Hill S.R.L. and Luis Fernando Kinn Cortez and is located in Santa Cruz, Bolivia. It is comprised of one concession totaling 5,971.65 hectares.

Under the terms of the Golden Hill Property Option Agreement dated August 23, 2021, the Company may acquire up to an 80% interest in the Golden Hill Property by making the following cash payments, share issuances and incurring the following exploration expenditures.

The Company will earn an initial 51% interest (the "First Option") in the Golden Hill Property by:

Paying US \$500,000 to the Optionor as follows:

- i. US \$25,000 on August 23, 2021 (the "effective date"), (paid)
- ii. US \$75,000 six weeks after the effective date, (paid)
- iii. US \$200,000 six months after the effective date (paid), and,
- iv. US \$200,000 twelve months after the effective date.

Issuing a total of 2,000,000 units of the Company (a "Unit") to the Optionor as follows:

- i. 500,000 units three months after the effective date, (issued)
- ii. 500,000 units six months after the effective date (issued), and
- iii. 1,000,000 units twelve months after the effective date.
- iv. Incurring US \$250,000 in exploration expenditures on or before the first anniversary of the effective date.

The Company will earn an additional 19% interest (the "Second Option") for a total of 70% interest in the Golden Hill Property by:

- i. Paying US \$500,000 to the Optionor on or before the second anniversary of the effective date;
- ii. Issuing 1,500,000 Units to the Optionor on or before the second anniversary of the effective date; and
- iii. Incurring US \$250,000 in exploration expenditures on or before the second anniversary of the effective date.

The Company will earn an additional 10% interest (the "Third Option") for a total of 80% interest in the Golden Hill Property by:

- i. Paying US \$500,000 to the Optionor on or before the third anniversary of the effective date;
- ii. Issuing 500,000 units to the Optionor on or before the third anniversary of the effective date; and
- iii. Incurring US \$1,000,000 in exploration expenditures on or before the third anniversary of the effective date.

Each Unit consists of one common share of the Company and one-half of one share purchase warrant (a "Warrant"), with each Warrant exercisable at the Market Price (as defined by the rules of the TSX Venture Exchange) on the date of issue for a period of two years from the date of issue.

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In the event that the Company exercises the First Option or Second Option but fails to exercise the Third Option, the Company's interest will be reverted to a 2% Net Smelter Return Royalty, which may be repurchased at a price of US \$1,000,000. If the Company acquires an 80% interest in the Golden Hill Property, the Company will grant a 2% Net Smelter Return Royalty to the Optionor, which may be repurchased at a price of US \$1,000,000.

The Optionor will also be entitled to a discovery of bonus as follows: (i) US \$2 for every ounce of gold or gold equivalent set out in an indicated or measured resource estimate up to a maximum of 250,000 ounces (US \$500,000), (ii) an additional US \$4 for every ounce of gold or gold equivalent set out in an indicated or measured resource estimate above 250,000 ounces to up 500,000 ounces (an additional payment of up to US \$1,000,000), and (iii) an additional US \$5 for every ounce of gold or gold equivalent set out in an indicated or measured resource estimate above 500,000 ounces and up to 1,000,000 ounces (an additional payment of up to US \$2,500,000).

7. Share Capital

a. Common shares authorized

Unlimited number of common shares.

b. Common share issuances

During the three months ended May 31, 2022, the Company did not complete any common share transactions.

During the three months ended May 31, 2021, the Company entered into the following common share transactions:

- On March 17, 2021, the Company issued a total of 1,072,142 units at \$0.35 per unit for gross proceeds of \$375,250. Each unit consisted of one common share and one-half of a warrant, with each whole warrant entitling the holder to acquire one additional common share at a price of \$0.55 per share up to March 17, 2022. The Company used the residual method to value the warrants, with the fair value of \$61,106 allocated to warrants and the \$314,144 residual value allocated to common shares (\$0.293 per share). The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; exercise price - \$0.55; risk-free interest rate of 0.25%; expected life - 1 year; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.
- On May 21, 2021, 375,000 common shares were issued for the San Jose Silver Property at the fair value of \$109,875.
- On May 21, 2021, 8,178,538 common shares were deemed to be issued as a result of the reverse takeover transaction. The fair value of the 8,178,538 common shares deemed issued (\$2,396,312) was estimated using a fair value of \$0.293 per share.
- On May 21, 2021, the Company issued 375,000 shares with a fair value of \$109,875 and 125,000 warrants related to the acquisition of the San Jose Silver Property. The share purchase warrants were fair valued at \$32,708 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; exercise price - \$0.25; risk-free interest rate of 0.60%; expected life - 3 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.

c. Share subscription receipts

On November 27, 2020, the Company closed the first tranche of a non-brokered private placement for 15,484,094 subscription receipts ("Subscription Receipts") at \$0.35 per Subscription Receipt for gross proceeds of \$5,419,433. Each Subscription Receipt entitled the holder to acquire, without further payment, one unit of the Company. Each unit consisted of one common share of the Company and one-half of a warrant, with each whole warrant exercisable at \$0.55 per share for a period of one year from the date of closing the reverse takeover transaction.

On December 4, 2020, the Company closed the second tranche of 6,926,058 Subscription Receipts for gross proceeds of \$2,424,120.

On December 18, 2020, the Company closed the third tranche of 285,000 Subscription Receipts for gross proceeds of \$99,750.

On January 22, 2021, the Company closed the fourth tranche of 881,500 Subscription Receipts for gross proceeds of \$308,525.

As at February 28, 2021, the total gross proceeds of \$8,251,828 were recorded as a share subscription receipts liability and the cash that was received by the Company on the issuance of Subscription Receipts was presented as a restricted cash asset pursuant to the terms of the Subscription Receipts and was net of cash issuance costs. On closing of the reverse takeover

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transaction, the proceeds from the Subscription Receipt private placement were released to the Company and the Subscription Receipts were converted to units of the Company.

The Company has incurred total transaction costs of \$459,280 in relation to these Subscription Receipts including \$324,980 in cash and the issuance of 943,407 finders' warrants on November 27, 2020 that are exercisable at \$0.55 per share up to November 27, 2021. These finders' warrants were fair valued at \$134,300 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; exercise price - \$0.55; risk-free interest rate - 0.24%; expected life - one year; dividend yield - 0%; forfeiture rate - 0% and annualized volatility -140%. As the Company does not have a significant history of trading prices, the Company utilized annualized volatility of comparable exploration stage mining companies. Issuance costs of \$459,280 were recorded as a deferred transaction cost asset as at February 28, 2021 and an additional \$34,662 of transaction costs were incurred during the year ended February 28, 2022.

On May 21, 2021, the Company converted 23,576,652 Subscription Receipts into common shares of the Company.

d. Options

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants. The maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the market price of a common share on the trading day immediately preceding the date of option grant. The vesting terms of the awards are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 30 days of termination of employment or holding office as a director or officer of the Company.

Changes in share purchase options during the three months ended May 31, 2022 and the year ended February 28, 2022 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2021	-	-	-
Granted	5,990,000	\$0.35	
Exercised	(50,000)	\$0.35	
Forfeited	(425,000)	\$0.33	
Outstanding, February 28, 2022	5,515,000	\$0.35	4.28
Granted	350,000	\$0.24	
Forfeited	(100,000)	\$0.35	
Outstanding and exercisable, May 31, 2022	5,765,000	\$0.34	4.33

During the three months ended May 31, 2022, the Company recorded share-based payment expense of \$47,167 (2021 - \$1,142,940). The weighted average fair value of share purchase options granted during the three months ended May 31, 2022 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.17; exercise price - \$0.24; risk-free interest rate - 2.39%; expected life - five years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%

At May 31, 2022, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
4,865,000	\$0.35	June 1, 2026
250,000	\$0.49	June 16, 2026
400,000	\$0.25	September 15, 2026
250,000	\$0.20	April 5, 2027
100,000	\$0.35	May 3, 2027
<u>5,765,000</u>		

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e. Warrants

Changes in share purchase warrants during the three months ended May 31, 2022 and the year ended February 28, 2022 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, February 28, 2021	6,850,407	\$0.38	0.59
Issued	13,074,401	\$0.53	
Exercised	(1,120,000)	\$0.35	
Expired	(5,730,407)	\$0.38	
Balance, February 28, 2022	13,074,401	\$0.53	0.32
Expired	(12,324,401)	\$0.55	
Balance, May 31, 2022	750,000	\$0.25	1.87

At May 31, 2022, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
125,000	\$0.25	May 21, 2024
125,000	\$0.25	November 30, 2024
250,000	\$0.19	January 18, 2024
250,000	\$0.17	February 18, 2024
<u>750,000</u>		

f. Basic and diluted loss per share

During the three months ended May 31, 2022, potentially dilutive common shares totaling 6,515,000 (2021 – 17,689,401) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

g. Escrow shares

The Company entered into escrow agreements and 6,889,415 common shares of the Company were placed in escrow. Under the escrow agreements, the common shares held in escrow will be released from escrow as to 688,941 on May 21, 2021 (released) and 1,033,412 common shares on each of November 21, 2021 (released), May 21, 2022 (released), November 21, 2022, May 21, 2023, November 21, 2023 and May 21, 2024.

In addition, the Company entered into pooling and voluntary lock-up agreements and 5,225,000 common shares of the Company were placed in escrow. Under the terms of the agreements, the common shares held in escrow will be released from escrow as to 1,045,000 on May 21, 2021 (released), August 21, 2021 (released), November 21, 2021 (released), February 21, 2022 (released), and May 21, 2022 (released).

As at May 31, 2022, 4,133,649 common shares remained in escrow (February 28, 2022 – 6,212,062).

8. Related Party Transactions and Balances

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the 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 executive and non-executive members of the Board of Directors and corporate officers.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

During the three months ended May 31, 2022 and 2021, the Company incurred the following expenditures charged by directors and officers of the Company, or former directors and officers of the Company, and/or companies they owned or were significant shareholders of:

	2022 \$	2021 \$
Accounting fees	21,004	-
Directors fees	31,311	-
Legal fees and share issuance costs	22,641	69,154
Management and consulting	74,900	46,500
Mineral property expenditures	68,003	59,807
Share-based payments - options	47,167	-
	265,026	175,461

At May 31, 2022, accounts payable and accrued liabilities included due to related parties of \$110,635 (February 28, 2022 - \$92,728) included amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

9. Financial Instruments***Risk Management***

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of minerals under exploration.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Refer to the going concern note for additional disclosure (Note 2). As at May 31, 2022 and February 28, 2022, the Company had working capital as follows:

	May 31, 2022 \$	February 28, 2022 \$
Current assets	3,765,595	4,674,190
Current liabilities	(489,556)	(325,948)
Working capital (deficiency)	3,276,039	4,348,242

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

Market Risk

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

a) Currency Risk

As at May 31, 2022 and February 28, 2022, most of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has operations in foreign jurisdictions outside of Canada and as such has currency risk associated with its operations. The Company mitigates this risk by holding a small amount of cash in foreign currencies.

b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As the Company has no interest bearing financial instruments, the Company is not exposed to interest rate risk.

c) Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Company has no financial instruments subject to price risk.

10. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended May 31, 2022 the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$282,465 included in accounts payable and accrued liabilities at May 31, 2022, less expenditures included in accounts payable at February 28, 2022 of \$208,265 (net exclusion of \$74,200);