

SOLIS MINERALS LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended May 31, 2023 and 2022

(Expressed in Canadian Dollars)

For personal use only

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Solis Minerals Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of \$1,461,433 during the year ended May 31, 2023 and, as of that date, the Company's current liabilities exceeded its total assets by \$348,543. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$4,234,011 as of May 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing the Company's rights to explore E&E Assets.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

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

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

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

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

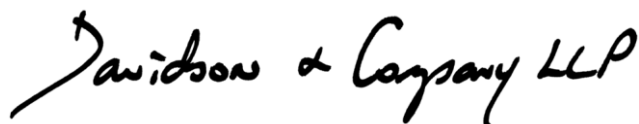
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

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



Vancouver, Canada

Chartered Professional Accountants

August 29, 2023

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	May 31, 2023	May 31, 2022
Assets		
Current		
Cash	\$ 113,036	\$ 3,570,301
Receivables (Note 7)	41,695	35,954
Prepaid expenses	49,748	110,063
	204,479	3,716,318
Non-Current		
Equipment (Note 8)	7,353	8,887
Deferred acquisition costs and advances (Notes 5 and 15)	771,589	-
Exploration and evaluation assets (Note 4)	4,234,011	3,376,800
	\$ 5,217,432	\$ 7,102,005
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable (Note 7)	\$ 325,590	\$ 376,549
Accrued liabilities (Note 7)	102,000	149,697
Derivative liability (Note 6)	125,432	449,916
	553,022	976,162
Shareholders' Equity		
Share capital (Note 6)	29,025,555	29,025,555
Reserves (Note 6)	3,367,961	3,367,961
Deficit	(27,729,106)	(26,267,673)
	4,664,410	6,125,843
	\$ 5,217,432	\$ 7,102,005

Nature of Operations and Going Concern – Note 1

Commitments – Note 13

Subsequent Events – Note 15

Approved on behalf of the Board of Directors:

Signed "Kevin Wilson", Director

Signed "Chafika Eddine", Director

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2023	2022
Expenses		
Accounting, audit and legal	\$ 249,446	\$ 598,537
Amortization of equipment (Note 6)	1,534	1,941
Bank charges and interest (recovery)	(7,773)	2,876
Consulting fees (Note 5)	535,971	588,974
Foreign exchange loss (gain)	99,181	(84,193)
Gain on change in fair value of warrants (Note 6)	(324,484)	(913,259)
Gain on settlement of accounts payable and accrued liabilities (Note 6)	-	(19,003)
Insurance	78,195	47,349
Loss on write-off of receivables (Note 7)	-	108,910
Management fees (Note 7)	105,000	122,500
Office	227,993	160,925
Property investigation	100,511	7,320
Regulatory and filing fees	115,071	156,512
Rent	27,823	49,573
Share-based compensation (Note 6)	-	253,300
Shareholder communications	114,730	125,316
Travel and entertainment	64,117	18,978
Write-off of exploration and evaluation assets (Note 4)	74,118	1,892,172
Loss and comprehensive loss	\$ (1,461,433)	\$ (3,118,728)
Loss per common share, basic and diluted	\$ (0.02)	\$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	60,466,654	45,515,284

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				Total shareholders' equity
	Number	Amount	Reserves	Deficit	
Balance - May 31, 2021	32,741,654	\$ 26,161,373	\$ 2,611,568	\$ (23,148,945)	\$ 5,623,996
Private placements	27,500,000	5,045,230	-	-	5,045,230
Warrants exercised	225,000	45,000	-	-	45,000
Finder's warrants	-	(503,093)	503,093	-	-
Share issuance costs	-	(359,780)	-	-	(359,780)
Share-based compensation	-	-	253,300	-	253,300
Derivative liability - unit warrants	-	(1,363,175)	-	-	(1,363,175)
Loss and comprehensive loss for the year	-	-	-	(3,118,728)	(3,118,728)
Balance - May 31, 2022	60,466,654	29,025,555	3,367,961	(26,267,673)	6,125,843
Loss and comprehensive loss for the year	-	-	-	(1,461,433)	(1,461,433)
Balance - May 31, 2023	60,466,654	\$ 29,025,555	\$ 3,367,961	\$ (27,729,106)	\$ 4,664,410

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the Year Ended	
	May 31,	
	2023	2022
Cash flows from operating activities		
Loss for the year	\$ (1,461,433)	\$ (3,118,728)
Items not affecting cash:		
Amortization of equipment	1,534	1,941
Gain on settlement of accounts payable and accrued liabilities	-	(19,003)
Gain on change in fair value of warrants	(324,484)	(913,259)
Share-based compensation	-	253,300
Loss on write-off of receivables	-	108,910
Write-off of exploration and evaluation assets	74,118	1,892,172
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(5,741)	30,313
Decrease (increase) in prepaid expenses and deposits	60,315	(82,078)
Increase (decrease) in accounts payable/accrued liabilities	121,701	(147,935)
Net cash used in operating activities	(1,533,990)	(1,994,367)
Cash flows from investing activities		
Deposits	-	28,843
Exploration and evaluation assets	(1,151,686)	(1,692,416)
Deferred acquisition costs and advances	(771,589)	-
Net cash used in investing activities	(1,923,275)	(1,663,573)
Cash flows from financing activities		
Issuance of capital stock	-	5,045,230
Share issuance costs	-	(359,780)
Shares issued – warrants exercised	-	45,000
Short-term borrowing	-	966
Repayment of short-term borrowing	-	(51,982)
Net cash provided by financing activities	-	4,679,434
Net change in cash for the year	(3,457,265)	1,021,494
Cash – beginning of the year	3,570,301	2,548,807
Cash – end of the year	\$ 113,036	\$ 3,570,301
Supplemental cash flow information		
Cash paid for interest and income taxes	\$ -	\$ -
Exploration and evaluation assets accrued through accounts payable and accrued liabilities	\$ 41,379	\$ 261,736
Fair value of warrants issued for private placement	\$ -	\$ 503,093
Recognition of derivative liability	\$ -	\$ 1,363,175

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Solis Minerals Ltd. (an Exploration Stage Company) was incorporated under the Business Corporations Act of British Columbia, Canada on December 1, 2005 and maintains its corporate registered office at Unit 3, 32 Harrogate Street, West Leederville WA 6017, Australia. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: SLMN) in Canada and began trading on the Australian Securities Exchange (ASX: SLM) effective December 24, 2021. Solis Minerals Ltd. and its subsidiaries (collectively referred to as the "Company" or "Solis") are principally engaged in the acquisition and exploration of mineral properties as described herein.

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

For the year ended May 31, 2023, the Company reported a loss of \$1,461,433 (2022 – \$3,118,728) and an accumulated deficit of \$27,729,106 (2022 – \$26,267,673). As at May 31, 2023, the Company had working capital deficit of \$348,543 (2022 – working capital of \$2,740,156). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

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

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

The Company's business, financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022 as well as inflationary pressures in the developed economies, economic uncertainty in China and the potential re-emergence of the COVID-19 pandemic in 2023. While the Company expects any direct impacts of the pandemic, the war in the Ukraine and the broader economic cycle to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. 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. Subsequent to May 31, 2023, the Company raised gross proceeds of A\$8.155 million via a two tranche private placement of common shares, which was completed on August 21, 2023 (Note 15).

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern (continued)

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

2. Basis of Presentation and Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Company’s Board of Directors on August 24, 2023.

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

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

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

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

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

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

3. Significant Accounting Policies, New Standards and Interpretations

a) Sources of Estimation Uncertainty

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

a) Sources of Estimation Uncertainty (continued)

(i) Realization of mineral property interests

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

(ii) Site restoration obligations

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

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

As at May 31, 2023, the Company is not aware of any existing environmental obligations related to any of its current or former exploration properties that may result in a liability to the Company.

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

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

(iv) Income taxes

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

b) Critical Accounting Judgments

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

b) Critical Accounting Judgments (continued)

(i) Impairment assessment

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

(ii) Assessment of going concern

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

(iii) Assessment of functional currency

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

c) Financial Instruments

(i) Classification

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

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

c) Financial Instruments (continued)

The following table shows the classification under IFRS 9:

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

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

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

Equity investments at FVTOCI

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

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

c) Financial Instruments (continued)

Financial liabilities

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

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

Fair value hierarchy

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

The Company's measurement of fair value of financial instruments as at May 31, 2023 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	\$ 125,432	\$ -	\$ -	\$ 125,432

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

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	\$ 449,916	\$ -	\$ -	\$ 449,916

d) Exploration and Evaluation Assets

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

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

d) Exploration and Evaluation Assets (continued)

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

e) Equipment

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

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

f) Impairment of Non-Financial Assets

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

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

g) Reclamation Obligations

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

h) Share Capital

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

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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

i) Valuation of Equity Units Issued in Private Placements

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

j) Share-based Payments

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

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

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

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

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

k) Loss per Share

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

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

l) Income Taxes

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

m) Foreign Currency Translation

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

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

n) Provisions

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

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

o) Leases

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

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

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

o) Leases (continued)

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

4. Exploration and Evaluation Assets

The Company's interests in exploration and evaluation assets are located in Peru and Chile (and subsequent to the balance date and subject to completion, Brazil). The following table outlines the expenditures for the year ended May 31, 2023 and 2022:

	Balance as at May 31, 2021	Additions	Balance as at May 31, 2022	Additions	Balance as at May 31, 2023
Ilo Norte/Ilo Este/Cinto and Regional Project, Peru:					
Acquisition costs	\$ 3,206,111	\$ 163,334	\$ 3,369,445	\$ 723,301	\$ 4,092,746
Exploration expenditures					
Consulting and engineering	81,630	3,491	85,121	96,185	181,306
Fieldwork and miscellaneous	-	6,335	6,335	37,725	44,060
Write-down	(84,101)	-	(84,101)	-	(84,101)
	3,203,640	173,160	3,376,800	857,211	4,234,011
Mostazal, Chile:					
Acquisition costs	43,433	260,283	303,716	-	303,716
Exploration expenditures					
Assay and core logging	-	94,962	94,962	-	94,962
Consulting and engineering	112,930	337,951	450,881	74,118	524,999
Drilling	-	422,190	422,190	-	422,190
Fieldwork and miscellaneous	-	620,423	620,423	-	620,423
Write-down	-	(1,892,172)	(1,892,172)	(74,118)	(1,966,290)
	156,363	(156,363)	-	-	-
	\$ 3,360,003	\$ 16,797	\$ 3,376,800	\$ 857,211	\$ 4,234,011

a) Ilo Norte and Ilo Este, Peru

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

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

b) Mostazal, Chile

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

During the year ended May 31, 2023, the Company terminated the option agreement and wrote-off \$74,118 (2022 - \$1,892,172) of exploration and evaluation assets to reduce the carrying value to \$Nil (2022 - \$Nil).

5. Deferred acquisition costs and advances

During the year ended May 31, 2023, the Company entered into an agreement to acquire Onça Mineração Ltda. ("Onça"), a Brazilian company. Pursuant to the terms of the agreement, the Company can acquire a 100% interest in Onça by making a payment of \$27,769 (US\$20,000) and issuing 500,000 fully paid ordinary shares of the Company. Upon completion of the acquisition, Onça will become a wholly owned subsidiary of the Company. Onça is the holder of lithium exploration applications located in Brazil, known as the Borborema claims.

Cash advances	\$	321,426
Deferred Onça acquisition cost		27,769
Jaguar advances		422,394
Total	\$	771,589

In addition, during the year ended May 31, 2023, Onça entered into an option agreement to acquire the Jaguar claims as detailed below.

Jaguar Lithium, Brazil

During the year ended May 31, 2023, Onça entered into an option agreement to acquire 100% interest of the Jaguar lithium project in Bahia state, north-east Brazil upon completion of the following:

- Cash payment of 1,500,000 BRL (\$410,691 advanced by the Company on behalf of Onça);
- Cash payment of 3,500,000 BRL on or before September 1, 2023 ("Option Exercise Fee"); and
- Cash payment of 14,500,000 BRL on or before August 27, 2024 ("Deferred Consideration").

Simultaneously with payment of the Option Exercise Fee and subject to the exercise of the option, the Company will issue to the Vendor (or its nominees) 3,000,000 performance rights ("Performance Rights") which convert on a one-for-one basis into fully paid ordinary shares in the capital of the Company upon delineation of an inferred (or greater) mineral resource of 10Mt at 1.0% Li₂O or greater within 24 months from the issue of the Performance Rights.

Jaquar, Brazil:		
Acquisition cost advances	\$	410,691
Exploration expenditure advances		
Consulting and engineering		8,869
Fieldwork and miscellaneous		2,834
	\$	422,394

The Company completed the acquisition of Onça subsequent to May 31, 2023 (Note 15).

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

6. Share Capital and Reserves

a) Authorized

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

b) Private Placements and Share Issuances

During the year ended May 31, 2023, the Company did not undertake any share issuance activity.

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

- i) issued 225,000 common shares pursuant to exercise of warrants for gross proceeds of \$45,000.
- ii) closed an initial public offering of \$5,045,230 (A\$5,500,000) through the issuance of 27,500,000 shares (settled on the ASX in the form of CHESSE depository interests (CDIs)) at a price of \$0.184 (A\$0.20) per share, with one warrant for every two shares with an exercise price of A\$0.30 until December 24, 2023. The Company recognized a derivative liability valued at \$1,363,175 associated with the warrants. As at May 31, 2023, the Company revalued the derivative liability at \$125,432 (2022 – \$449,916) resulting in an unrealized gain on change in fair value of warrants of \$324,484 (2022 – \$913,259) through profit or loss for the year ended May 31, 2023. It was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 0.57 years (2022 – 1.57 years), volatility 105.67% (2022 – 119.57%), risk-free rate 4.27% (2022 – 2.62%), dividend yield 0% (2022 – 0%).

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

c) Stock Options

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

A summary of the status of the Company's stock options as at May 31, 2023 is presented below:

Exercise Price	Balance at May 31, 2022	Cancelled	Expired	Balance at May 31, 2023	Expiry Date	Remaining contractual life in years	Number of options vested
\$ 0.175	1,650,000	-	-	1,650,000*	October 27, 2025	2.41	1,650,000
\$ 0.25	200,000	-	(200,000)	-	March 30, 2023	-	-
\$ 0.25	25,000	-	(25,000)	-	September 29, 2022	-	-
\$ 0.30	1,025,000	(300,000)	-	725,000**	June 18, 2026	3.05	725,000
Totals:	2,900,000	(300,000)	(225,000)	2,375,000		2.61	2,375,000
	\$ 0.23	\$ 0.30	\$ 0.25	\$ 0.21	Weighted average exercise prices		\$ 0.21

*200,000 options exercised subsequent to May 31, 2023

**450,000 options exercised subsequent to May 31, 2023

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

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6. Share Capital and Reserves (continued)

c) Stock Options (continued)

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

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

d) Share-Based Compensation

During the year ended May 31, 2023, the Company did not grant any share options.

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

The options granted during the years ended May 31, 2023 and 2022 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

	Year ended May 31, 2023	Year ended May 31, 2022
Weighted average grant date fair value	-	\$0.25
Weighted average risk-free interest rate	-	0.85%
Expected dividend yield	-	0%
Weighted average stock price volatility	-	140.59%
Weighted average forfeiture rate	-	0%
Weighted average expected life of options in years	-	5.00

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (continued)

e) Share Purchase Warrants

Exercise Price	Balance at May 31, 2022	Granted	Exercised	Expired	Balance at May 31, 2023	Expiry Date	Remaining contractual life in years
\$ 0.80	774,000	-	-	(774,000)	-	June 15, 2022	-
\$ 0.20	3,256,700	-	-	(3,256,700)	-	Oct 21, 2022	-
\$ 0.30	6,889,376	-	-	(6,889,376)	-	May 14, 2023	-
AUD\$0.30	13,750,000	-	-	-	13,750,000*	Dec 15, 2023	0.57
AUD\$0.28	3,666,667	-	-	-	3,666,667	Dec 23, 2024	1.57
	28,336,743	-	-	(10,920,076)	17,416,667		0.78
	\$ 0.30	\$ -	\$ -	\$ 0.31	\$ 0.30	Weighted average exercise prices	

* 11,140,956 warrants exercised subsequent to May 31, 2023

Exercise Price	Balance at May 31, 2021	Granted	Exercised	Expired	Balance at May 31, 2022	Expiry Date	Remaining contractual life in years
\$ 0.80	1,630,000	-	-	(1,630,000)	-	May 24, 2022	-
\$ 0.80	774,000	-	-	-	774,000	June 15, 2022	0.04
\$ 0.20	3,481,700	-	(225,000)	-	3,256,700	Oct 21, 2022	0.39
\$ 0.30	6,889,376	-	-	-	6,889,376	May 14, 2023	0.95
AUD\$0.30	-	13,750,000	-	-	13,750,000	Dec 15, 2023	1.57
AUD\$0.28	-	3,666,667	-	-	3,666,667	Dec 23, 2024	2.57
	12,775,076	17,416,667	(225,000)	(1,630,000)	28,336,743		1.37
	\$ 0.37	\$ 0.29	\$ 0.20	\$ 0.80	\$ 0.30	Weighted average exercise prices	

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

7. Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the years ended May 31, 2023 and 2022 were as follows:

	Year ended May 31, 2023		Year ended May 31, 2022	
Short-term benefits	\$	477,268	\$	389,851
Share-based compensation	\$	-	\$	98,849
Total	\$	477,268	\$	488,700

Included in short term benefits are the following:

- (i) \$105,000 (2022 - \$122,500) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's formal Chief Executive Officer.
- (ii) \$18,000 (2022 - \$18,000) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

SOLIS MINERALS LTD.

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For the year ended May 31, 2023

(Expressed in Canadian Dollars)

7. Related Party Transactions (continued)

- (iii) \$78,684 (2022 - \$76,036) in director fees paid or accrued to Christopher Gale, a director of the Company.
- (iv) \$15,000 (2022 - \$88,500) in consulting fees recorded under exploration and evaluation assets paid or accrued to Fred Tejada, a former director of the Company.
- (v) \$60,000 (2022 - \$33,500) in director fees paid or accrued to Kevin Wilson, a director of the Company.
- (vi) \$60,000 (2022 - \$26,315) in director fees paid or accrued to Chafika Eddine, a director of the Company.
- (vii) \$60,000 (2022 - \$25,000) in director fees paid or accrued to Michael Parker, a director of the Company.
- (viii) \$46,709 (2022 - \$Nil) capitalized in exploration and evaluation assets paid or accrued to a company controlled by Michael Parker, a director of the Company.
- (ix) \$33,875 (2022 - \$Nil) in director fees paid or accrued to Matthew Boyes, the Company's Chief Executive Officer.

Included in receivables is \$16,800 (2022 - \$16,800) receivable from Volatus Capital Corp., a Company with a shared director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is \$119,408 (2022 - \$69,475) in key management compensation payable to directors, officers and a former officer.

Included in accounts payable and accrued liabilities is \$64,911 (2022 - \$14,085) due to Latin Resources Limited, a company with a common director.

During the year ended May 31, 2022, the Company wrote off a receivable of \$108,910 due from a company which formerly shared a Chief Financial Officer.

8. Equipment

	Office furniture and equipment	Field equipment	Computer equipment	Total
Cost:				
Balance, May 31, 2021, 2022 and 2023	\$ 94,962	\$ 74,353	\$ 26,428	\$ 195,743
Accumulated amortization:				
Balance, May 31, 2021	93,811	65,160	25,944	184,915
Charge for the year	345	1,378	218	1,941
Balance, May 31, 2022	94,156	66,538	26,162	186,856
Charge for the year	242	1,172	120	1,534
Balance, May 31, 2023	\$ 94,398	\$ 67,710	\$ 26,282	\$ 188,390
Net book value:				
Balance, May 31, 2022	\$ 806	\$ 7,815	\$ 266	\$ 8,887
Balance, May 31, 2023	\$ 564	\$ 6,643	\$ 146	\$ 7,353

SOLIS MINERALS LTD.

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Notes to the Consolidated Financial Statements

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9. Short-Term Borrowing

The Company has previously entered into arrangements with four lenders to provide funds on a short-term basis. During the year ended May 31, 2022, the Company repaid the loans in full in the amount of \$51,982.

10. Management of Capital

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

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

11. Financial Instruments and Financial Risk

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and derivative liability. The fair values of these financial instruments approximate their carrying values except for the derivative liability which is valued using Level 3 inputs.

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

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

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

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

Fair Value of Financial Instruments

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximates their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies

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

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

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11. Financial Instruments and Financial Risk (Continued)

Currency risk

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

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

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

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

	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	US Dollars	US Dollars	Chilean Pesos	Chilean Pesos	AU Dollars	AU Dollars
Cash	\$ 24,949	\$ 247,924	\$ 2,410	\$ 50,242,599	\$ 32,347	\$ 3,368,187
Accounts payable	(44,083)	(13,359)	(14,303,365)	(164,313,671)	(68,956)	(17,467)
Net	\$ (19,134)	\$ 234,565	\$ (14,300,955)	\$ (114,071,072)	\$ (36,609)	\$ 3,350,720

Interest rate risk

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

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

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company's receivables consist of amounts due from the Canadian government and third parties and other parties. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At May 31, 2023, the Company had \$Nil in amounts due greater than 90 days.

(ii) Liquidity risk

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

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

11. Financial Instruments and Financial Risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2023:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	\$ 325,590	\$ -	\$ -
Accrued liability	102,000	-	-
	<u>\$ 427,590</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Market Risk

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

Other price risk

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

12. Segmented Information

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

	Peru	Brazil	Canada	Total
May 31, 2023				
Capital assets	\$ -	\$ -	\$ 7,353	\$ 7,353
Deferred acquisition costs and advances	-	771,589	-	771,589
Exploration and evaluation assets	4,234,011	-	-	4,234,011
	<u>\$ 4,234,011</u>	<u>\$ 771,589</u>	<u>\$ 7,353</u>	<u>\$ 5,012,953</u>
May 31, 2022				
Capital assets	\$ -	\$ -	\$ 8,887	\$ 8,887
Exploration and evaluation assets	3,376,800	-	-	3,376,800
	<u>\$ 3,376,800</u>	<u>\$ -</u>	<u>\$ 8,887</u>	<u>\$ 3,385,687</u>

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

13. Commitments

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

On May 30, 2023, the Company entered into an investor awareness services contract whereby the Company agreed to issue 2,500,000 common shares. The agreement is subject to regulatory approvals and accordingly, no commitment to issue shares has been recorded.

14. Income taxes

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

	2023	2022
Net loss for the year	\$ (1,461,917)	\$ (3,118,728)
Canadian statutory tax rate	27%	27%
Income tax benefit computed at statutory rates	(395,000)	(842,000)
Permanent differences	(14,000)	(60,000)
Share issue costs	-	(97,000)
Change in timing differences	(481,000)	6,000
Foreign exchange effect on tax assets and liabilities	(2,000)	3,000
Unused tax losses not recognized in tax assets	892,200	990,000
	\$ -	\$ -

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

	2023	2022
Tax value over book value of equipment	\$ 203,000	\$ 201,000
Exploration and evaluation assets	3,300,000	1,964,000
Non-refundable mining credit	67,000	67,000
Share issue costs	298,000	415,000
Derivative liability	125,000	-
Non-capital losses	15,538,000	13,588,000
Unrecognized deferred tax amounts	\$ 19,531,000	\$ 16,235,000

As at May 31, 2023, the Company has approximately \$15,538,000 (2022 - \$13,588,000) of non-capital losses in Canada that may be used to offset future taxable income, expiring from 2027 to 2042.

In addition, as at May 31, 2023, the Company has approximately \$203,000 (2022 - \$104,000) of non-capital losses in Peru that may be used to offset future taxable income expiring from 2029 to 2037.

In addition, as at May 31, 2023, the Company has approximately \$555,000 (2022 - \$126,000) of non-capital losses in Chile that may be used to offset future taxable income.

SOLIS MINERALS LTD.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

15. Subsequent events

Subsequent to the year ended May 31, 2023, the Company:

- i) closed the first tranche of a private placement and issued 5,545,455 common shares at \$0.50 (A\$0.55) per share for gross proceeds of \$2,756,044 (A\$3,050,000). The Company incurred \$183,000 in finders' fees.
- ii) issued 650,000 common shares pursuant to the exercise of options for gross proceeds of \$170,000.
- iii) issued 11,140,956 common shares pursuant to the exercise of warrants for gross proceeds of \$2,965,348.
- iv) completed the acquisition of Onça by issuing 500,000 common shares of the Company (Note 5).
- v) closed the second tranche of a private placement and issued 9,521,818 common shares at \$0.50 (A\$0.55) per share for gross proceeds of A\$5,237,000. The Company incurred \$90,000 in brokers' fees.
- vi) granted 7,000,000 performance rights to directors. These performance rights vest over a period of 24 months, or pursuant to specific performance criteria associated with the Company's exploration & evaluation assets.
- vii) granted 600,000 options stock options to a consultant of the Company. The options are exercisable at AUD\$0.60 per option until August 11, 2026. The options were fully vested on the grant date.

SOLIS MINERALS LTD.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended May 31, 2023

For personal use only

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1.1 Date

The following management's discussion and analysis ("MD&A"), which is dated August 29, 2023, the Company had \$113,036 in cash (2022 – \$3,570,301) and working capital deficit of \$348,543 (2022 – working capital of \$2,740,156).

1.2 Outlook and Recent Exploration Activity

For the year ended May 31, 2023, the Company's focus has been continuing the development of its projects in Peru; continuing its review of other mineral projects that may fit within the Company's portfolio which led to the announcements on February 15, 2023 and 31 May, 2023 of the acquisition in Brazil of greenfield lithium exploration assets, and the Jaguar Lithium project, respectively; and investigating the potential sourcing of other additional funding and/or pursuing industry partnerships. The following information presents details on the Company's properties and recent exploration and evaluation activities in Peru and Brazil and its former Chilean property. The WorldView-3 satellite imagery analyses discussed below was undertaken by Fathom Geophysics LLC, a geophysics consulting company from Newark, Ohio, USA.

Exploration Highlights

Ilo Norte (Peru)

The Ilo Norte Project in southern Peru is an Iron Oxide Copper Gold (IOCG) and porphyry copper exploration target with significant potential. Work to date has concentrated on a relatively small portion of the prospective part of the lease holding. Remote sensing and in-field mapping has demonstrated that a silica and potassic alteration halo exists at the known IOCG mineralisation, which is coincident with phyllic and jarosite alteration in the south-west of the property – an area with no previous drilling. Data compilation has been undertaken and these prospective, previously untested, target areas in the south-west are planned for follow-up in late 2023. Results of Worldview-3 satellite imagery received also outlined a new target area in the east of the property as well as confirming previous anomalies from regional remote sensing data. Field visits undertaken in April 2023 aided the delineation of target areas and a drone magnetometry survey was completed in May 2023 over previously unsurveyed areas. Geochemical sampling is underway in target zones identified from the magnetic and remote sensing data.

Ilo Este (Peru)

Ilo Este, also in southern Peru, is a copper-gold porphyry occurrence that has been eroded down to the mid-level of the system in the eastern part of the permit. WorldView-3 satellite imagery enabled an analysis of the alteration zones on a permit-wide scale with the identification of prospective areas in the west of the permit. Combined with recently complete data compilation, focused exploration is expected to be initiated in 2023 on distinct porphyry copper targets. These areas have not been explored to date. Geochemical sampling and mapping is ongoing.

Cinto Copper (Peru)

The Cinto Copper Project is in the southern Peruvian Copper belt located near Toquepala mine and is situated on or adjacent to the regional-scale Incapuquio Fault system. Various prospective rocks are exposed north of the fault and are under cover further south. WorldView-3 satellite analysis was commissioned by Solis and exploration targets were identified. Field visits confirmed the nature of the alteration and exploration mapping and geochemistry is planned to start later in 2023.

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

Southern Peru Regional Exploration

Based on the compilation of historic data and the recent remote sensing analyses (satellite platforms), the Company opted to expand its exploration in Southern Peru with the application for 10 more licenses on November 16, 2022. These applications augment the area of Ilo Norte and expand into prospective ground to the north. South of Ilo Este, but not contiguous to the existing permits, three applications were made to target specific remote sensing anomalies in prospective geology – one application was subsequently rejected due to a nature conservation area being present. Further analysis led to the staking of seven new concessions – five north of Ilo Norte and ten around the existing licence called Kelly. The entire regional exploration area around Ilo Norte was covered by Worldview-3 satellite imagery and the results were received showing alteration zones of exploration targets. Subsequent to May 31, 2023, results were received of an inversion of historic magnetic data and four more licence applications were made over magnetic anomaly targets which augment the Company's Southern Peru Regional Exploration portfolio.

Borborema (Brazil)

The Company announced on February 15, 2023 it had secured the acquisition of 22 licence areas in North-eastern Brazil. The tenements cover a total area of 24,800 hectares in predominantly greenfields terrain. The tenements have yet to be exposed to systematic modern exploration techniques targeting LCT-bearing pegmatite systems. Historically, the pegmatite Borborema province has been reported to host several mineralised pegmatite occurrences and artisanal works producing Be, Nb-Ta, Li, Sn, gems, quartz, feldspar and others. Historical mining in the region, and the presence of the Niobium-Tantalum, Lithium and feldspars, indicate the area is pregnant with LCT-bearing pegmatite systems.

The Company has completed the initial compilation of available historical geological data and will now follow up with a comprehensive field programme specifically aimed at generating near-term drill targets. Following transaction completion (which occurred subsequent to May 31, 2023), systematic regional mapping and soil and rock chip geochemical sampling surveys will be undertaken to generate drill targets and identify the most prospective terrain within the licence areas.

Jaguar (Brazil)

On May 31, 2023 the Company announced it had entered into a binding option agreement to purchase the Jaguar hard rock Lithium project in Bahia State Brazil.

Mostazal (Chile)

On June 30, 2022 Solis announced it had elected to withdraw from its option agreement on the Mostazal project in the Atacama region of Chile.

Qualified Person

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

1.3 Selected Annual Financial Information

The following table presents selected financial information for the last three fiscal years ended May 31, 2023, 2022, and 2021.

	2023		2022		2021	
Net loss and comprehensive loss	\$	(1,461,433)	\$	(3,118,728)	\$	(184,973)
Basic and diluted loss per share	\$	(0.02)	\$	(0.07)	\$	(0.01)
Total assets	\$	5,217,432	\$	7,102,005	\$	6,160,188

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1.4 Summary of Quarterly Results

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

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

	Income (Loss) per quarter	Fully diluted Income (loss) per share
Jun. 1, 2021 – Aug. 31, 2021	\$ (712,391)	\$ (0.02)
Sept. 1, 2021 – Nov. 30, 2021	\$ (449,064)	\$ (0.01)
Dec. 1, 2021 – Feb. 28, 2022	\$ (538,336)	\$ (0.01)
Mar. 1, 2022 – May 31, 2022	\$ (1,418,937)	\$ (0.02)
Jun. 1, 2022 – Aug. 31, 2022	\$ (456,258)	\$ (0.01)
Jun. 1, 2022 – Nov. 30, 2022	\$ (362,553)	\$ (0.01)
Dec. 1, 2022 – Feb. 28, 2023	\$ (720,699)	\$ (0.01)
Mar 1, 2023 – May 31, 2023	\$ 78,077	\$ 0.00

During the three-month period ended May 31, 2023, the Company incurred an income of \$78,077 which was primarily attributable to gain on change in fair value of warrants of \$491,776.

During the three-month period ended February 28, 2023, the Company incurred a loss of \$720,699 which was primarily attributable to loss on change in fair value of warrants of \$374,110 and consulting fees of \$115,789.

During the three-month period ended November 30, 2022, the Company incurred a loss of \$362,553 which was primarily attributable to accounting, audit and legal of \$93,963 and consulting fees of \$206,803.

During the three-month period ended August 31, 2022, the Company incurred a loss of \$456,258 which was primarily attributable to consulting fees of \$126,838 and write-off of exploration and evaluation assets of \$199,442.

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

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

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

SOLIS MINERALS LTD. *(An Exploration Stage Company)***Management's Discussion and Analysis – Quarterly Highlights**

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1.5 Results of Operations

During the year ended May 31, 2023 and 2022, exploration expenditures were as follows:

	Balance as at May 31, 2021	Additions	Balance as at May 31, 2022	Additions	Balance as at May 31, 2023
Ilo Norte/Ilo Este/Cinto and					
Regional Project, Peru:					
Acquisition costs	\$ 3,206,111	\$ 163,334	\$ 3,369,445	\$ 723,301	\$ 4,092,746
Exploration expenditures					
Consulting and engineering	81,630	3,491	85,121	96,185	181,306
Fieldwork and miscellaneous	-	6,335	6,335	37,725	44,060
Write-down	(84,101)	-	(84,101)	-	(84,101)
	3,203,640	173,160	3,376,800	857,211	4,234,011
Mostazal, Chile:					
Acquisition costs	43,433	260,283	303,716	-	303,716
Exploration expenditures					
Assay and core logging	-	94,962	94,962	-	94,962
Consulting and engineering	112,930	337,951	450,881	74,118	524,999
Drilling	-	422,190	422,190	-	422,190
Fieldwork and miscellaneous	-	620,423	620,423	-	620,423
Write-down	-	(1,892,172)	(1,892,172)	(74,118)	(1,966,290)
	156,363	(156,363)	-	-	-
	\$ 3,360,003	\$ 16,797	\$ 3,376,800	\$ 857,211	\$ 4,234,011

Ilo Norte and Ilo Este, Peru

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

Mostazal, Chile (Written off during the year ended May 31, 2023)

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

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

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

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

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

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

During the year ended May 31, 2023, the Company wrote-off \$327,571 (2022 - \$1,892,172) of exploration and evaluation assets to reduce the carrying value to \$Nil (2022 - \$Nil) as the option agreement was terminated during the year ended May 31, 2023.

Jaquar Lithium, Brazil

During the year ended May 31, 2023, Onça Mineração Ltda. ("Onça") entered into an option agreement to acquire 100% interest of the Jaguar lithium project in Bahia state, north-east Brazil upon completion of the following:

- i) Cash payment of 1,500,000 BRL (\$410,691 advanced by the Company);
- ii) Cash payment of 3,500,000 BRL on or before September 1, 2023 ("Option Exercise Fee"); and
- iii) Cash payment of 14,500,000 BRL on or before August 27, 2024 ("Deferred Consideration").

Simultaneously with payment of the Option Exercise Fee and subject to the exercise of the option will issue to the Vendor (or its nominees) 3,000,000 performance rights ("Performance Rights") which convert on a one-for-one basis into fully paid ordinary shares in the capital of the Company upon delineation of an inferred (or greater) mineral resource of 10Mt at 1.0% Li₂O or greater within 24 months from the issue of the Performance Rights.

Borborema, Brazil

During the year ended May 31, 2023, Onça entered into an agreement to acquire licences in North-eastern Brazil as part of a share assignment agreement whereby the Company subsequently acquired 100% of Onça, a Brazilian company.

The Company agreed to pay US\$20,000 and issue 500,000 fully paid ordinary shares of the Company on completion.

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

Three Months Ended May 31, 2023

Total income and comprehensive income for the three months ended May 31, 2023 was \$78,077 compared to total loss and comprehensive loss of \$1,418,937 for the three months ended May 31, 2022. During the period ended May 31, 2023:

- i) Consulting fees decreased to \$86,541 (2022 – \$182,573) due to decreased business advisory services rendered in the current period.
- ii) Foreign exchange loss increased to \$275,499 (2022 – gain of \$97,126) due to fluctuations in the currency exchange in the current period.
- iii) Gain on change in fair value of warrants increased to \$491,776 (2022 – \$12,100) due to revaluation of derivative liability associated with the unit warrants in the current period.
- iv) Office costs decreased to \$75,084 (2022 – \$151,292) due to a decrease in general activities in the current period.
- v) Property investigation decreased to \$27,700 (2022 – \$Nil) due to the Company investigating properties in the current period.
- vi) Regulatory and filing fees decreased to \$29,498 (2022 – \$18,630) due to additional filings to the Australian stock exchange related to the IPO during the comparative period.
- vii) Write-off of exploration and evaluation assets decreased to a gain of \$203,945 (2022 – \$1,892,172) due to final write-off of Mostazal Copper property in the current period versus larger write-off (\$1,892,172) on the same property during the comparative period.

Year Ended May 31, 2023

Total loss and comprehensive loss for the year ended May 31, 2023 was \$1,461,433 compared to total loss and comprehensive loss of \$3,118,728 for the year ended May 31, 2022. During the year ended May 31, 2023:

- i) Accounting, audit and legal decreased to \$249,446 (2022 – \$598,537) due to expenses of the acquisition of Mostazal, the ASX dual-listing and IPO in the comparative year.
- ii) Consulting fees increased to \$535,971 (2022 – \$588,974) due to increased business advisory services rendered and director fees accrued in the current year.
- iii) Foreign exchange loss was \$99,181 (2022 – gain of \$84,193) due to fluctuations in the currency exchange in the current year.
- iv) Gain on change in fair value of warrants decreased to \$324,484 (2022 – \$913,259) due to revaluation of derivative liability associated with the unit warrants in the current year.
- v) Gain on settlement of accounts payable and accrued liabilities decreased to \$Nil (2022 – \$19,003) due to the issuance of shares for debt in the comparative year. The gain was a result of the difference between the deemed price and the fair value of the shares at the date of issuance.
- vi) Office costs increased to \$227,993 (2022 – \$160,925) due to an increase in general activities in the current year.
- vii) Property investigation increased to \$100,511 (2022 – \$7,320) due to the Company investigating properties in the current year.
- viii) Regulatory and filing fees decreased to \$115,071 (2022 – \$156,512) due to additional filings to the Australian stock exchange related to the IPO during the comparative year.

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

- ix) Share-based compensation decreased to \$Nil (2022 – \$253,300) due to options granted during the comparative year.
- x) Travel increased to \$64,117 (2022 – \$18,978) due to an increase in the number of trips taken by management.
- xi) Write-off of exploration and evaluation assets decreased to \$74,118 (2022 – \$1,892,172) due to final write-off of Mostazal Copper property in the current year versus larger write-off (\$1,892,172) on the same property during the comparative year.

1.6 Liquidity and Going Concern

The recovery of the Company's investment in exploration and evaluation properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and/or base metal or related reserves, and the ability of management to joint venture or profitably dispose of a development asset to a third party, or to arrange sufficient financing to bring a project into production. The ultimate outcome of these matters cannot presently be determined.

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

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

The Company's cash position as at May 31, 2023 was \$113,036 (2022 – \$3,570,301) and had working capital deficit of \$348,543 (2022 – \$2,740,156).

During the year ended May 31, 2023, cash flow used in operating activities was \$1,533,990 (2022 – \$1,994,367) relating to general operating expenses detailed on the statement of loss and comprehensive loss.

During the year ended May 31, 2023, cash flow used in investing activities was \$1,923,275 (2022 – \$1,663,573). It consists primarily of exploration and evaluation assets.

During the year ended May 31, 2023, cash flow provided by financing activities was \$Nil (2022 – \$4,679,434). It consists primarily of proceeds from a private placement.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash. The Company has issued common share capital pursuant to private placement financings, and the exercise of warrants and options. The Company's access to exploration financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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

Subsequent to May 31, 2023, the Company announced it had secured additional financing in a two tranche private placement of common shares to raise A\$8,287,000 (before costs), which was completed on August 21, 2023. A description of the Company's completed private placements is provided in the section that follows.

SOLIS MINERALS LTD. *(An Exploration Stage Company)*

Management's Discussion and Analysis – Quarterly Highlights

For the year ended May 31, 2023

(Expressed in Canadian Dollars)

1.7 Capital Resources

During the period from June 1, 2022 to August 29, 2023, the Company:

- i) closed the first tranche of a private placement and issued 5,545,455 common shares at \$0.50 (A\$0.55) per share for gross proceeds of \$2,756,044 (A\$3,050,000). The Company incurred \$183,000 in finders' fees.
- ii) issued 650,000 common shares pursuant to the exercise of options for gross proceeds of \$170,000.
- iii) issued 11,140,956 common shares pursuant to the exercise of warrants for gross proceeds of \$2,965,348.
- iv) completed the acquisition of Onca Mineracao Ltda. by issuing 500,000 common shares of the Company.
- v) closed the second tranche of a private placement and issued 9,521,818 common shares at \$0.50 (A\$0.55) per share for gross proceeds of A\$5,237,000. The Company incurred \$90,000 in brokers' fees.
- vi) granted 7,000,000 performance rights to the Company's directors. These performance rights vest over a period of 24 months, or pursuant to specific performance criteria associated with the Company's exploration & evaluation assets.
- vii) granted 600,000 options stock options to a consultant of the Company. The options are exercisable at AUD\$0.60 per option until August 11, 2026. The options were fully vested on the grant date.

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

- i) issued 255,000 common shares pursuant to exercise of warrants for gross proceeds of \$45,000.
- ii) initiated an initial public offering of \$5,045,230 (A\$5,500,000) through the issuance of 27,500,000 shares (settled on the ASX in the form of CHESS depository interests (CDIs)) at a price of \$0.184 (A\$0.20) per share, with one attaching warrant for every two shares with an exercise price of A\$0.30 for a period of two years from the date of issue. The IPO closed on December 24, 2021. The Company recognized a derivative liability valued at \$1,363,175 associated with the warrants. During the year ended May 31, 2023, the Company revalued the derivative liability at \$125,432 (2022 - \$449,916) resulting in an unrealized gain on change in fair value of warrants of \$324,484 (2022 - \$913,259) through profit or loss for the year ended May 31, 2023.

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

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the year ended May 31, 2023 and 2022 were as follows:

	Year ended May 31, 2023	Year ended May 31, 2022
Short-term benefits	\$ 477,268	\$ 389,851
Share-based compensation	-	\$ 98,849

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Total	\$	477,268	\$	488,700
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Included in short term benefits are the following:

- (i) \$105,000 (2022 - \$122,500) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's formal Chief Executive Officer.
- (ii) \$18,000 (2022 - \$18,000) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.
- (iii) \$78,684 (2022 - \$76,036) in director fees accrued to Christopher Gale, a director of the Company.
- (iv) \$15,000 (2022 - \$88,500) in consulting fees recorded under exploration and evaluation assets paid or accrued to Fred Tejada, a former director of the Company.
- (v) \$60,000 (2022 - \$33,500) in director fees paid or accrued to Kevin Wilson, a director of the Company.
- (vi) \$60,000 (2022 - \$26,315) in director fees paid or accrued to Chafika Eddine, a director of the Company.
- (vii) \$60,000 (2022 - \$25,000) in director fees paid or accrued to Michael Parker, a director of the Company.
- (viii) \$46,709 (2022 - \$Nil) capitalized in exploration and evaluation assets paid or accrued to a company controlled by Michael Parker, a director of the Company.
- (viii) \$33,875 (2022 - \$Nil) in director fees paid or accrued to Matthew Garfield Boyes, the Company's Chief Executive Officer.

Included in receivables is \$16,800 (2022 - \$16,800) receivable from Volatus Capital Corp., a Company with a shared director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is \$119,408 (2022 - \$69,475) in key management compensation payable to directors, officers and a former officer.

Included in accounts payable and accrued liabilities is \$64,911 (2022 - \$14,085) due to Latin Resources Limited, a company with a common director.

During the year ended May 31, 2022, the Company wrote off a receivable of \$108,910 due from a company which formerly shared a Chief Financial Officer.

1.10 Recent Accounting Pronouncements and new standards and interpretations

Please refer to the consolidated financial statements for the year ended May 31, 2023 on www.sedar.com.

1.11 Financial Instruments and Other Instruments

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

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The following table shows the classification under IFRS 9:

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

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

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company's receivables consist of amounts due from a former related party. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts.

b) Market Risk

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

(i) Interest rate risk

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

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

(ii) Currency risk

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

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

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

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

	May 31, 2023 US Dollars	May 31, 2022 US Dollars	May 31, 2023 Chilean Pesos	May 31, 2022 Chilean Pesos	May 31, 2023 AU Dollars	May 31, 2022 AU Dollars
Cash	\$ 24,949	\$ 247,924	\$ 2,410	\$ 50,242,599	\$ 32,347	\$ 3,368,187
Accounts payable	(44,083)	(13,359)	(23,916)	(164,313,671)	(68,956)	(17,467)
Net	\$ (19,134)	\$ 234,565	\$ (21,506)	\$ (114,071,072)	\$ 36,609	\$ 3,350,720

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(iii) Other price risk

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

c) Liquidity risk

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

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2023:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	\$ 325,590	\$ -	\$ -
Accrued liability	102,000	-	-
	<u>\$ 427,590</u>	<u>\$ -</u>	<u>\$ -</u>

1.1 Other MD&A Requirements

Disclosure of Outstanding Share Data

As at August 29, 2023, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common Shares	<u>87,824,883</u>		
Options	1,450,000	\$0.175	October 27, 2025
	275,000	\$0.30	June 18, 2026
	<u>600,000</u>	\$0.60	August 11, 2026
	<u>2,325,000</u>		
Warrants	2,609,044	AUD\$0.30 (approximately \$CAD\$0.275)	Dec 15, 2023
	<u>3,666,667</u>	AUD\$0.28 (approximately CAD\$0.257)	Dec 23, 2024
	<u>6,275,711</u>		
Total diluted at August 29, 2023	<u>96,425,594</u>		

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Risks and uncertainties

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

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

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

Further Information

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

Commitments

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

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

Changes in Management

On February 28, 2023, Jason Cubitt resigned as the Chief Executive Officer, remaining on the board of directors and Matthew Boyes was appointed as an executive director of the Company.

On July 18, 2023, Jason Cubitt resigned as a director of the Company.