GFM RESOURCES LIMITED

(An exploration-stage company)

Condensed consolidated interim financial statements

Three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Suite 1100 – 1111 Melville Street
Vancouver, BC
Canada V6E 3V6

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

As at	Note	March 31, 2024 (Unaudited) $	December 31, 2023 (Audited) $
ASSETS			
Current			
Cash and cash equivalents		**22,083**	30,640
Accounts receivable	4	**1,929**	1,228
Prepaid expenses and deposits		**1,778**	1,303
Advance payment of mineral concessions	9	**10,227**	-
		36,017	33,171
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	**21,239**	53,678
Loans with related party	6, 8	**2,059,094**	1,886,099
		2,080,333	1,939,777
SHAREHOLDERS' DEFICIENCY			
Share capital	7	**3,484,022**	3,484,022
Contributed surplus		**870,442**	870,442
Foreign currency reserve		**(16,939)**	14,902
Deficit		**(6,381,841)**	(6,275,972)
		(2,044,316)	(1,906,606)
		36,017	33,171

Nature of operations and going concern uncertainty 1

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

Approved by the board of directors and authorized for issue on May 14, 2024

"James Robertson" Director

"Esteban Rivero González" Director

GFM RESOURCES LIMITED

(an exploration-stage company)

COMPREHENSIVE LOSS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Three months ended March 31	
		2024	2023
	Note	**$**	$
EXPENSES			
Administration and accounting	8	**15,000**	15,000
Audit and legal		**11,179**	6,315
Property examination costs	9	**9,944**	8,711
Filing and transfer agent fees		**3,162**	2,624
Directors' fees	8	**6,000**	6,000
Office and sundry		**1,676**	1,722
Foreign exchange loss (gain)		**16,511**	(8,517)
Loss before other expenses		**(63,472)**	(31,855)
Other income (expenses)			-
Interest on loans	6	**(36,760)**	(32,058)
Mexican taxes written off	4	**(5,637)**	(219)
Loss for the period		**(105,869)**	(64,132)
Other comprehensive income (loss)			
Exchange differences on translating foreign operations, net of tax		**(31,841)**	(42,245)
Total comprehensive loss for the period		**(137,710)**	(106,377)
Loss per share (basic and diluted)		**(0.01)**	(0.00)
Weighted average number of shares outstanding (basic and diluted)		**19,085,071**	19,085,071

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INERIM STATEMENTS OF CASH FLOWS

(Unaudited, prepared by management)
(Expressed in Canadian Dollars)

		Three months ended March 31	
		2024	**2023**
	Note	**$**	$
Operating activities			
Loss for the period		**(105,869)**	(64,132)
Adjustments for items not involving cash:			
- Non-cash interest accrued on loans	6	**36,760**	32,058
- Non-cash impact of foreign exchange translation		**13,912**	(9,201)
Changes in non-cash working capital items:			
- Accounts receivable		**(701)**	70
- Prepaid expenses and deposits		**(475)**	348
- Advance payment of mineral concessions	9	**(10,227)**	(9,013)
- Accounts payable and accrued liabilities		**(37,093)**	410
- Amounts due to related parties	6, 8	**-**	(7,395)
Cash used in operating activities		**(103,693)**	(56,855)
Cash flows from financing activities			
Loan advances received from related party	6, 8	**175,490**	80,358
Interest repayment on loans from related party	6	**(80,525)**	(51,294)
Cash generated from financing activities		**94,965**	29,064
Effect of foreign exchange translation on cash		**171**	195
Net change in cash		**(8,557)**	(27,596)
Cash, beginning of the period		**30,640**	54,557
Cash, end of the period		**22,083**	26,961

Supplementary information with respect to cash flows:			
Income taxes paid in cash		**-**	-
Interest paid in cash including value-added tax	6	**(85,179)**	(55,066)
Issuance of common shares in settlement of debt to related party		**-**	**-**

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Share capital					
	Amount	Value	Contributed surplus	Foreign currency reserve	Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2022	19,085,071	3,484,022	870,442	83,117	(5,940,865)	(1,503,284)
Comprehensive loss for the period	-	-	-	(42,245)	(64,132)	(106,377)
Balance, March 31. 2023	19,085,071	3,484,022	870,442	40,872	(6,004,997)	(1,609,661)
Comprehensive loss for the period	-	-	-	(25,970)	(270,975)	(296,945)
Balance, December 31, 2021	19,085,071	3,484,022	870,442	14,902	(6,275,972)	(1,906,606)
Comprehensive loss for the period	-	-	-	(31,841)	(105,869)	(137,710)
Balance, March 31, 2024	**19,085,071**	**3,484,022**	**870,442**	**(16,939)**	**(6,381,841)**	**(2,044,316)**

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

(Unaudited - Expressed in Canadian dollars except where indicated)

1. Nature of operations and going concern uncertainty

GFM Resources Limited (the "Company") was incorporated under the laws of British Columbia, Canada, on September 3, 1987. During the year ended December 31, 2000, the Company continued its operation in the Yukon Territory under the Business Corporation Act of Yukon and registered as an extra-provincial company in British Columbia under the laws of British Columbia. The addresses of the Company's offices are:

- Administration: Suite 1100 – 1111 Melville Street, Vancouver, BC V6E 3V6, Canada.
- Registered records: Suite 1500 – 1055 West Georgia St., Vancouver, BC, V6E 4N7, Canada.

The Company is in the business of acquisition, exploration and development of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has incurred significant losses since inception, and has a working capital deficiency, as follows:

	March 31, 2024	December 31, 2023
	$	$
Deficit	**(6,381,841)**	(6,275,972)
Working capital deficiency:	**(2,044,316)**	(1,906,606)

The Company's majority shareholder is Compañía Minera Autlán, S.A.B. de C.V. ("Autlan"), a company from Mexico that is controlled by a director of the Company. Continued operations of the Company are dependent on the Company's ability to obtain public equity financing or to receive continued financial support from its controlling shareholder, Autlan. There can be no assurance the Company will be successful in achieving these goals and, accordingly, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and these adjustments could be material.

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

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on May 14, 2024.

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2023.

3. Material accounting policies

The material accounting policies followed for the preparation of these condensed consolidated interim financial statements are consistent with those described in the December 31, 2023, annual consolidated financial statements.

(Unaudited - Expressed in Canadian dollars except where indicated)

4. Accounts receivable

	March 31, 2024	December 31, 2023
	$	$
Canadian GST receivable (i)	**1,929**	1,228

The Company files its Goods and Services Tax (GST) returns with the Canada Revenue Agency on a quarterly schedule.

During the three months ended March 31, 2024, the Company wrote off an amount of $2,931 (2023 - $219) of value-added-tax in Mexico ("Impasto al Valor Agregado" – "IVA"). In Mexico IVA is charged at a rate of 16% and can be credited to any amounts of IVA payable or claimed back from the tax authorities, but only when the invoices that gave rise to it have been effectively paid by the Company. While most of the IVA receivable or creditable corresponds to IVA on the interest portion of the Subsidiary Agreement (Note 6) invoiced by Autlan to the Company, it was decided to write down the amount to zero due to the uncertainly about the timing in which this amount could be recovered or applied to any IVA payable.

There was a change of $2,706 (2023 - nil) in the amount of Mexican income tax recoverable (impuesto sobre la renta "ISR"). ISR is expected to be eventually recovered as the Company posts annual losses. The Company has generated losses during its years of operation with the exception of 2017 when Autlan forgave the Company's debt up to June 30, 2017. While the cumulative losses of prior and later years have resulted in no income taxes payable, that year's net income, together with certain invoicing transactions between the Company's Mexican subsidiary (the "Subsidiary") and Metallorum Prospección, SAPI de CV ("Prospección") pursuant to a Mandate (Note 8) triggered the requirement of a cash prepayment of interim income taxes in Mexico for the Subsidiary based on a coefficient determined by the net income of 2017, even though the Mandate transaction has not generated income for the Subsidiary. The Subsidiary is expected to be able to claim this prepayment back at the time of filing its 2023 income tax return and that of subsequent years, but there is uncertainly as to the timing and amounts that can be recovered or accredited towards other taxes payable. The Company has terminated the Mandate to avoid these interim tax prepayments in cash in the future.

5. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are as follows:

	March 31, 2024	December 31, 2023
	$	$
Trade payables	**3,000**	28,456
Accrued liabilities	**18,239**	25,222
Total	**21,239**	53,678

(Unaudited - Expressed in Canadian dollars except where indicated)

6. Loans with related party

On November 17, 2017, the Company entered into a loan agreement (the "Loan Agreement) with Autlan, with effect from August 1, 2017. Under the terms of the Loan Agreement, Autlan would make available to the Company a line of credit in up to USD $2,000,000 per year. Advances made under the Loan Agreement bear annual simple interest calculated on the London Interbank Offered Rate ("LIBOR") plus 2%, calculated daily on the outstanding balance. The principal outstanding, together with any accrued but unpaid interest will become due and payable on demand, but such demand shall not to be made unless the Company has sufficient funds to repay the loan. There are no convertibility features on this Loan Agreement. During the three months ended March 31, 2024, the weighted-average interest rate was 7.45% (2023 – 6.61%).

Also on November 17, 2017, Autlan entered into a separate loan agreement with the Company's subsidiary in Mexico (the "Subsidiary Agreement"), with effect from August 1, 2017. Under the terms of the Subsidiary Agreement, Autlan would make available to the Subsidiary a line of credit in up to MXN $40,000,000 (approximately USD $2,000,000) per year. Advances made under the Subsidiary Agreement bear annual simple interest calculated on the Bank of Mexico's inter-bank loan rate (TIIE for its acronym in Spanish – *Tasa de Interés Interbancaria de Equilibrio*) plus 2%, calculated daily on the outstanding balance. The full principal amount of this loan, together with interests outstanding to June 30, 2023, were repaid during the year ended December 31, 2023. The remaining interest outstanding up to December 31, 2023, were repaid during the three months ended March 31, 2024, and thus there are no amounts outstanding pursuant to this Subsidiary Agreement.

The following is a summary of the loans with Autlan:

	Principal	Interest			Mexican IVA value-added tax (net)	Total
		accrued	repaid	net		
	$	$	$	$	$	$
Balance, December 31, 2022	1,482,519	221,131	(171,533)	49,598	3,500	1,535,617
Loan Agreement	80,358	19,077	(27,719)	(8,642)	-	71,716
Subsidiary Agreement	-	12,981	(23,575)	(10,594)	(3,772)	(14,366)
Foreign exchange adjustment	30,803	(3,606)	5,770	2,164	272	33,239
Balance, March 31, 2023	1,593,680	249,583	(217,057)	32,526	-	1,626,206
Loan Agreement	652,540	72,545	(39,353)	33,192	-	685,732
Subsidiary Agreement	(383,708)	43,311	(28,587)	14,724	4,600	(364,384)
Foreign exchange adjustment	(60,634)	10,238	(11,116)	(878)	57	(61,455)
Balance, December 31, 2023	1,801,878	375,677	(296,113)	79,564	4,657	1,886,099
Loan Agreement	175,490	36,760	(51,448)	(14,688)	-	160,802
Subsidiary Agreement	-	-	(29,077)	(29,077)	(4,654)	(33,731)
Foreign exchange adjustment	44,801	(946)	2,072	1,126	(3)	45,924
Balance, March 31, 2024	2,022,169	411,491	(374,566)	36,925	-	2,059,094

Interest is invoiced to the Company by Autlan on a bi-annual basis. During the three months ended March 31, 2024, the Company repaid $51.448 of interest due pursuant to the Loan Agreement at December 31, 2023, and $29,077 of interest due pursuant to the Subsidiary Agreement at December 13, 2023, effectively extinguishing the loan pursuant to this Subsidiary Agreement.

7. Share capital

a) Authorized: the Company is authorized to issue an unlimited number of common shares without par value. There are no restrictions on transfers.

b) Issued and outstanding:

There were 19,085,071 common shares issued and outstanding as of March 31, 2024, and December 31, 2023. No common shares were issued during the three months ended March 31, 2024, or during 2023.

c) Warrants

There were no warrants outstanding as of March 31, 2024 (2023 – Nil).

d) Stock options

On May 24, 2023, the Board of Directors approved the adoption of a new incentive stock option plan (the "Plan") replacing the one that had originally been approved on May 23, 2006. The new incentive stock option plan meets the current requirements of the TSX Venture Exchange and was ratified by the shareholders of the Company at its annual general meeting held on June 26, 2023.

The new Plan complies with the recent amendments to TSX Venture Exchange policy 4.4 governing equity-based compensation, allowing the board of directors to grant up to 10% of the outstanding common shares of the Corporation from time to time on a rolling basis. The Option Plan is intended to enable the Corporation to attract and retain qualified personnel in a competitive marketplace and to encourage equity participation among persons who are directors, officers, employees and consultants of the Corporation, or its affiliates, or who are providing services to the Corporation or its affiliates.

As the Company is currently in the search for mineral property acquisition targets, the stock options granted to the consultants and other non-employees of the Company are to serve as incentive in that process. Therefore, a reliable estimate of the fair value of these options based on the equivalent fair market value of services rendered is very difficult to assess given the unique and varying nature of these services and the lack of comparable market information. Accordingly, the Company would measure share-based payments to non-employees based on the fair value of the equity instruments granted.

There were no stock options outstanding as of March 31, 2024 (2023 – Nil).

(Unaudited - Expressed in Canadian dollars except where indicated)

8. Related party transactions

The Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations, as follows:

Three months ended March 31:	**2024**	2023
	$	$
Management fees paid to a company controlled by the Chief Financial Officer of the Company:	**15,000**	15,000
Director's fees:	**6,000**	6,000
Advances pursuant to Loan Agreement: (i)	**175,490**	80,358
Interest accrued on advances: (i,ii)	**36,760**	32,058
Interest repaid on Loan Agreement and Subsidiary Agreement (including Mexican value added tax):	**(85,179)**	(55,066)

(i) Pursuant to the Loan Agreement with Autlan (Note 6).

(ii) Pursuant to the Subsidiary Agreement with Autlan (Note 6).

The amounts due to related parties are as follows:

As at:	**March 31, 2024**	December 31, 2023
	$	$
Amounts owed to Autlan pursuant to Loan Agreement (Note 6):	**2,059,094**	1,852,342
Amounts owed to Autlan by Subsidiary pursuant to Subsidiary Agreement (Note 6):	**-**	33,757
	2,059,094	1,886,099

9. Property examination costs

La Casita, Durango, Mexico

The Company holds title to three mineral concessions in the state of Durango, Mexico ("La Casita" group of concessions), for which it is paying the semi-annual concession maintenance fees.

Dany II, Guanajuato, Mexico

During the year ended December 31, 2019, the Company issued a bid to the Mexican mining authorities for the potential acquisition of the Dany II concession in the state of Guanajuato, Mexico. The Company's majority shareholder, Autlan, owns other concessions in this area. While the bid was successful, the Mexican Ministry of Mines in Mexico has not issued the concession title. Furthermore, there is no assurance that the Mexican Ministry of Mines will extend issue new concession titles, in which case the Company would attempt to request a refund. If the title is issued, the Company will add this concession to its portfolio of properties for potential exploration.

The summary of property examination costs is as follows:

	Prepaid amount		Expensed	
	As at		Three months ended March 31	
	March 31, 2024	December 31, 2023	**2024**	2023
	$	$	**$**	$
La Casita concession fees	**10,227**	-	**9,944**	8,711

10. Financial instruments

Pursuant to IFRS 9, the Company classifies cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, due to related parties and loans with related party at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at March 31, 2024, all of the Company's cash and cash equivalents were held either in Canadian dollars, US dollars or Mexican pesos. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs.

A change in the value of the Mexican peso by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $5,000 (December 31, 2023 - $1,000), and its net loss for the year by approximately $6,000 (2023 - $2,000).

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $205,000 (December 31, 2023 - $183,000), and its net loss for the year by approximately $8,000 (2023 - $3,000). These amounts are related to the Loan Agreement, which is denominated in US dollars.

Interest rate and credit risk

The Company has cash balances and significant debt owed to a majority shareholder. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company is exposed to interest rate risk on its Loan Agreement as detailed in Note 6. A change 1% change in interest rate would affect the interest by approximately $5,000 based on the principal outstanding as at March 31, 2024 (2023 - $5,900).

Liquidity risk

The Company will depend on the advances provided by Autlan through the Loan Agreement and the Subsidiary Agreement (Note 6). The liquidity risk relates to the low cash position and the dependence on these advances. Also see Note 1 for further discussion regarding liquidity risks.

(Unaudited - Expressed in Canadian dollars except where indicated)

11. Capital disclosures

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from the funds received from Autlan as a part of the Loan Agreement (Notes 1 and 6).

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash and cash equivalents to include amounts held in banks. The Company places its cash with institutions of high credit worthiness. On March 31, 2024, the Company had cash and cash equivalents of $22,083 (December 31, 2023 – $30,640).

During the three months ended March 31, 2024, the Company repaid all interest outstanding up to December 31, 2023, on its Loan Agreement of $51,448 and on its Subsidiary Agreement of $29,077 plus $4,654 of IVA (2023 - $27,719, $23,575 and $3,772, respectively).

The Company is not subject to any externally imposed capital requirements.

12. Supplementary information with respect to cash flows

The following table provides a reconciliation of cash and non-cash related-party liabilities generated from financing activities:

	Balance	Cash	Cash	Non-cash	Cash	Non-cash	Balance
	December 31, 2022	Principal advances	Principal repayment	Interest accrued	Interest repayed	Foreign exchange	March 31, 2023
	$	$	$	$	$	$	$
Loans with related party	1,535,617	80,358	-	32,058	(55,066)	33,239	1,626,206
	March 31, 2023	Principal advances	Principal repayment	Interest accrued	Interest repayed	Foreign exchange	December 31, 2023
	$	$	$	$	$	$	$
Loans with related party	1,626,206	652,540	(383,708)	115,856	(63,340)	(61,455)	1,886,099
	December 31, 2023	Principal advances	Principal repayment	Interest accrued	Interest repayed	Foreign exchange	**March 31, 2024**
	$	$	$	$	$	$	**$**
Loans with related party	1,886,099	175,490	-	36,760	(85,179)	45,924	**2,059,094**

13. Segmented information

The Company is in one segment, namely mineral exploration in Mexico, with administration in two geographical regions, namely Canada and Mexico.

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