



OUTCROP
SILVER & **GOLD**

OUTCROP SILVER & GOLD CORPORATION

Condensed Interim Consolidated Financial Statements

**For the six months ended February 29, 2024 and February 28, 2023
(unaudited)**

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of financial position
(Unaudited - expressed in Canadian dollars)

As at	Notes	February 29, 2024	August 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 398,566	\$ 3,230,315
Receivables		36,957	39,963
Advances and prepaid expenses		211,076	326,159
Deferred financing costs		-	54,699
		646,599	3,651,136
Non-current assets			
Equipment	6	132,983	153,448
Reclamation bond		31,493	-
Mineral properties	7	12,885,907	5,126,758
		13,050,383	5,280,206
Total assets		\$ 13,696,982	\$ 8,931,342
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 888,266	\$ 491,048
Current portion of lease liability	10	9,117	16,686
		897,383	507,734
Total liabilities		\$ 897,383	\$ 507,734
SHAREHOLDER'S EQUITY			
Share capital	11	\$ 73,217,188	\$ 65,724,062
Reserves	11	29,346,781	27,562,457
Accumulated other comprehensive loss		(22,521)	(1,165)
Deficit		(89,741,849)	(84,861,746)
Total shareholders' equity		12,799,599	8,423,608
Total liabilities and shareholders' equity		\$ 13,696,982	\$ 8,931,342
Nature of operations and going concern	1		
Subsequent events	16		

Approved for issue by the Board of Directors on April 25, 2024.

On behalf of the Board of Directors:

"Ian Harris"
 Ian Harris, Director

"Kevin Nishi"
 Kevin Nishi, Director

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of loss and comprehensive loss
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Expenses					
Exploration	7,12	\$ 528,250	\$ 1,947,270	\$ 1,781,582	\$ 3,476,726
Foreign exchange		(57,591)	39,300	(11,693)	60,350
General and administrative	12	321,567	271,483	667,013	610,764
Investor relations		93,470	213,991	242,074	385,774
Professional fees	12	143,170	111,394	299,789	203,211
Stock-based compensation	11,12	299,049	153,082	837,263	485,939
Wages and benefits	12	87,623	152,535	191,539	299,727
		(1,415,538)	(2,889,055)	(4,007,567)	(5,522,491)
OTHER INCOME (EXPENSES)					
Gain/(loss) on disposal of equipment		-	-	(1,832)	7,368
Interest income		83	736	955	1,413
Write-off of mineral properties	7	(871,659)	-	(871,659)	-
		(871,576)	736	(872,536)	8,781
Loss for the period		(2,287,114)	(2,888,319)	(4,880,103)	(5,513,710)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		(38,442)	195	(21,356)	2,382
Comprehensive loss for the period		\$ (2,325,556)	\$ (2,888,124)	\$ (4,901,459)	\$ (5,511,328)
Basic and diluted loss per share					
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted					
		253,948,977	194,982,035	237,726,755	187,645,618

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

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of cash flows
(Unaudited - expressed in Canadian dollars)

For the period ended	February 29, 2024	February 28, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (4,880,103)	\$ (5,513,710)
<i>Adjustments for items not involving cash:</i>		
Depreciation	18,633	27,298
Stock-based compensation	837,263	485,939
Loss (gain) on disposal of equipment	1,832	(7,368)
Interest expense	5,538	2,079
Write-down of mineral properties	871,659	-
Unrealized foreign exchange	(59,374)	81,659
	(3,204,552)	(4,924,103)
<i>Net changes in non-cash working capital items:</i>		
Receivables	12,571	(379)
Advances and prepaid expenses	144,266	(170,180)
Accounts payable and accrued liabilities	(501,510)	(166,661)
Net cash and cash equivalents outflows from operating activities	(3,549,225)	(5,261,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired on acquisition of Zacapa	21,283	-
Transaction costs for acquisition of Zacapa	(127,788)	-
Equipment acquisitions	-	(43,901)
Net cash and cash equivalent outflows from investing activities	(106,505)	(43,901)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	1,273,689	6,010,824
Share issue costs	(53,114)	(184,468)
Repayment of lease liability	(9,356)	(7,903)
Repayment of loans payable	(407,814)	-
Net cash and cash equivalent inflows from financing activities	803,405	5,818,453
Effect of foreign exchange on cash and cash equivalents	20,576	(80,619)
Change in cash and cash equivalents during the period	(2,831,749)	432,610
Cash and cash equivalents, beginning of period	3,230,315	1,239,346
Cash and cash equivalents, end of period	\$ 398,566	\$ 1,671,956

Supplemental disclosure with respect to cash flows – Note 15

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of shareholders' equity
(Unaudited - expressed in Canadian dollars)

	Number of Shares	Share Capital	Stock-Based Reserves	Warrant Reserves	DSU Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, August 31, 2022	160,146,008	\$ 55,990,622	\$ 10,835,413	\$ 13,750,930	\$ -	\$ (1,711)	\$ (75,423,358)	\$ 5,151,896
Common shares issued	35,656,454	5,371,861	-	1,312,260	-	-	-	6,684,121
Warrants issued for finder's fees	-	-	-	77,345	-	-	-	77,345
Share issue costs	-	(261,813)	-	-	-	-	-	(261,813)
Transfer of fair value of warrants exercised	-	152,508	-	(152,508)	-	-	-	-
Transfer of fair value of options exercised	-	176,058	(176,058)	-	-	-	-	-
Stock-based compensation	-	-	485,939	-	-	-	-	485,939
Foreign currency translation adjustment	-	-	-	-	-	2,382	-	2,382
Loss for the period	-	-	-	-	-	-	(5,513,710)	(5,513,710)
Balance, February 28, 2023	195,802,462	\$ 61,429,236	\$ 11,145,294	\$ 14,988,027	\$ -	\$ 671	\$ (80,937,068)	\$ 6,626,160
Balance, August 31, 2023	218,126,162	\$ 65,724,062	\$ 11,824,652	\$ 15,737,805	\$ -	\$ (1,165)	\$ (84,861,746)	\$ 8,423,608
Common shares issued	6,170,500	1,273,689	-	-	-	-	-	1,273,689
Common shares issued for acquisition	30,017,474	6,303,670	335,930	618,961	15,750	-	-	7,274,311
Share issue costs	-	(107,813)	-	-	-	-	-	(107,813)
Transfer of fair value of options exercised	-	23,580	(23,580)	-	-	-	-	-
Stock-based compensation	-	-	837,263	-	-	-	-	837,263
Foreign currency translation adjustment	-	-	-	-	-	(21,356)	-	(21,356)
Loss for the period	-	-	-	-	-	-	(4,880,103)	(4,880,103)
Balance, February 29, 2024	254,314,136	\$ 73,217,188	\$ 12,974,265	\$ 16,356,766	\$ 15,750	\$ (22,521)	\$ (89,741,849)	\$ 12,799,599

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

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended February 29, 2024 and February 28, 2023

(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Outcrop Gold & Silver Corporation (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol OCG. The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in Colombia. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These condensed interim consolidated financial statements of the Company for the six months ended February 29, 2024 are comprised of the results of the Company and its subsidiaries.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While 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 acceptable to the Company. The Company anticipates it will need further funding to maintain its operations and activities for the next 12 months. 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. These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which 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, the COVID-19 global pandemic from March 2020, political conflict in other regions, and supply chain disruptions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company’s business or ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the Principles of IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2023.

Basis of measurement

These condensed interim consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended February 29, 2024 and February 28, 2023
(Unaudited - expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The functional currency of Outcrop, the parent company, is the Canadian dollar; that of the Company’s US subsidiary, Miranda Gold USA, Inc. is the United States dollar. The functional currency of all the Company’s Canadian subsidiaries is the Canadian dollar, and that of all the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, significant judgments made by management in applying the Company’s accounting policies, impairment of mineral properties and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2023.

Acquisition of a business

The determination of whether a corporate entity or set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Zacapa Resources Ltd (“Zacapa”) was determined to constitute an acquisition of assets (Note 5). The excess of consideration paid over the net assets of Zacapa received was allocated on a proportional basis to the mineral properties acquired, which constitutes management’s determination of the relative importance of the properties to the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended August 31, 2023 with the additional of the below.

Acquisitions

Asset acquisitions are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company, if any. The acquiree’s identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date, or if the fair values exceed the consideration paid, then the consideration paid is allocated on a pro rata basis to the identifiable assets acquired based on their relative fair values.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended February 29, 2024 and February 28, 2023

(Unaudited - expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

New standards, interpretations and amendments adopted during the period

A number of new standards, amendments to standards and interpretations are not yet effective as of February 29, 2024 and have therefore not been applied in preparing these condensed interim consolidated financial statements. None are expected to have a material effect on the condensed interim financial statements of the Company.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: amortized cost; fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI").

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 29, 2024	August 31, 2023
Cash and cash equivalents	Amortized cost	\$ 398,566	\$ 3,230,315
Receivables	Amortized cost	\$ 18,287	\$ 17,139
Reclamation bond	Amortized cost	\$ 31,493	\$ -
Accounts payable and accrued liabilities	Amortized cost	\$ 888,266	\$ 491,048
Lease liability	Amortized cost	\$ 9,117	\$ 16,686

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and cash equivalents, receivables, reclamation bond, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The carrying value of the Company's lease liability approximates its fair value due to being discounted with a rate of interest that approximates market rates.

Risk Management

All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended August 31, 2023.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended February 29, 2024 and February 28, 2023

(Unaudited - expressed in Canadian dollars)

5. ACQUISITION OF ZACAPA RESOURCES LTD.

On November 21, 2023, the Company completed the acquisition of Zacapa by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia). Zacapa had two common directors and two common officers with the company. As a result of the transaction, Zacapa Resources Ltd merged with a wholly-owned subsidiary of Outcrop to become Outcrop US Ltd ("Outcrop US"), a wholly-owned subsidiary of the Company. All the issued and outstanding common shares of Zacapa ("Zacapa Shares") were exchanged for common shares in the capital of Outcrop ("Outcrop Shares") on a four-for-one basis. All Zacapa's issued and outstanding warrants ("Zacapa Warrants"), options ("Zacapa Options") and deferred share units ("Zacapa DSUs") were exchanged for equivalent warrants ("Outcrop Warrants"), options ("Outcrop Options") and deferred share units ("Outcrop DSUs") of Outcrop, respectively, on substantially the same terms, on a four-for-one basis, and immediately cancelled.

Consideration with a fair value of \$7,402,099 was issued in exchange for all the issued and outstanding equity of Zacapa and is comprised as follows:

- a total of 30,017,474 common shares of the Company at \$0.21 per share (\$6,303,670) (Note 11);
- a total of 7,727,631 warrants of the Company, exercisable at prices ranging from \$0.30 to \$2.72 until expiry dates ranging from June 21, 2024 to July 7, 2026 (\$618,961) (Note 11);
- a total of 2,537,500 stock options of the Company, exercisable at prices ranging from \$0.20 to \$2.80 and expiry dates ranging from January 26, 2027 to July 18, 2028 (\$335,930) (Note 11); and
- a total of 75,000 DSUs of the Company (\$15,750) (Note 11).

Transaction costs related to legal fees of \$127,788 which were associated with the acquisition were recorded.

The acquisition of Zacapa constitutes an asset acquisition and has been accounted for under the acquisition method in accordance with the guidance provided in IFRS 3, Business Combinations ("IFRS 3"). The assets acquired did not qualify as a business according to the definition in IFRS 3, and therefore the acquisition did not constitute a business combination, but rather it is treated as a payment of equity consideration for the acquisition of Zacapa's net assets. The value of the consideration paid after allocation to the other net assets acquired, was allocated to mineral properties, all of which are located in the United States.

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended February 29, 2024 and February 28, 2023
(Unaudited - expressed in Canadian dollars)

5. ACQUISITION OF ZACAPA RESOURCES LTD. (continued)

The total consideration for the acquisition of the assets and liabilities assumed on acquisition was as follows:

	Total
Cash	\$ 1,283
Restricted cash	20,000
Receivables	9,565
Prepaid expenses	29,182
Reclamation bond	31,790
Mineral properties	8,612,458
Accounts payable and accrued liabilities	(898,724)
Loans payable	(403,455)
	7,402,099
Cost of acquisition:	
Common shares	6,303,670
Warrants, stock options and DSUs	970,641
Transaction costs	127,788
Total acquisition costs	\$ 7,402,099

6. EQUIPMENT

	Computer Equipment	Field Equipment	Right-of-use asset	TOTAL
Cost				
Balance at August 31, 2022	\$ 166,488	\$ 184,418	\$ 51,986	\$ 402,892
Assets acquired	-	90,139	-	90,139
Assets retired	-	(60,865)	-	(60,865)
Foreign exchange adjustments	172	1,788	-	1,960
Balance at August 31, 2023	\$ 166,660	\$ 215,480	\$ 51,986	\$ 434,126
Assets retired	(84,746)	(57,624)	-	(142,370)
Balance at February 29, 2024	\$ 81,914	\$ 157,856	\$ 51,986	\$ 291,756
Accumulated depreciation				
Balance at August 31, 2022	\$ 146,331	\$ 88,910	\$ 6,933	\$ 242,174
Depreciation	8,280	46,864	3,466	58,610
Assets retired	-	(21,995)	-	(21,995)
Foreign exchange adjustments	101	1,788	-	1,889
Balance at August 31, 2023	\$ 154,712	\$ 115,567	\$ 10,399	\$ 280,678
Depreciation	1,852	14,986	1,795	18,633
Assets retired	(82,914)	(57,624)	-	(140,538)
Balance at February 29, 2024	\$ 73,650	\$ 72,929	\$ 12,194	\$ 158,773
Net book value, August 31, 2023	\$ 11,948	\$ 99,913	\$ 41,587	\$ 153,448
Net book value, February 29, 2024	\$ 8,264	\$ 84,927	\$ 39,792	\$ 132,983

OUTCROP SILVER & GOLD CORPORATION**Notes to the Condensed Interim Consolidated Financial Statements****For the six months ended February 29, 2024 and February 28, 2023***(Unaudited - expressed in Canadian dollars)***7. MINERAL PROPERTIES**

Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties (“NSR”) or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interests in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Outcrop cannot guarantee title to all of its mineral properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers, and/or the title may be affected by undetected defects. Certain of the mineral rights held by Outcrop are held under applications for mineral rights and until final approval of such applications is received, the Company’s rights to such mineral rights may not materialize and the exact boundaries of Outcrop’s properties may be subject to adjustment.

Mineral Properties as at February 29, 2024

	August 31, 2023	Additions (Note 5)	Recoveries	Impairment/Write off project	Effect of movement in exchange rates	February 29, 2024
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	4,408,747	-	-	-	-	4,408,747
South Bullfrog	-	1,140,324	-	-	(15,040)	1,125,284
Pearl	-	586,310	-	-	(25,051)	561,259
Miller Mountain	-	880,150	-	(871,659)	(8,491)	-
Kramer	-	6,005,674	-	-	66,932	6,072,606
TOTAL	\$ 5,126,758	\$ 8,612,458	\$ -	\$ (871,659)	\$ 18,350	\$ 12,885,907

Mineral Properties as at August 31, 2023

	August 31, 2022	Additions	Recoveries	Impairment/Write off project	Effect of movement in exchange rates	August 31, 2023
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	673,297	-	-	-	4,408,747
TOTAL	\$ 4,453,461	\$ 673,297	\$ -	\$ -	\$ -	\$ 5,126,758

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended February 29, 2024 and February 28, 2023
(Unaudited - expressed in Canadian dollars)

7. MINERAL PROPERTIES *(continued)*

Exploration Expenditures

	For the six months ended	
	February 29, 2024	February 28, 2023
Antares	\$ -	\$ 2,567
Argelia	374	5,766
Mallama	-	5,766
Oribella	374	5,766
Santa Ana	1,771,637	3,439,247
Kramer	5,417	-
South Bullfrog	3,454	-
Pearl	326	-
General exploration	-	17,614
TOTAL	\$ 1,781,582	\$ 3,476,726

Antares Project

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary MAD II, and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

The Company must meet the following payment schedule to maintain the option:

- US\$60,000 on October 9, 2015 *(paid)*;
- US\$60,000 on October 9, 2016 *(paid)*;
- US\$70,000 within 30 days of the Registration Date of the Mining Concession Contract (“Registration Date”);
- US\$80,000 and 150,000 common shares on the first anniversary of the Registration Date;
- US\$90,000 on the 2nd anniversary of the Registration Date;
- US\$100,000 on the 3rd anniversary of the Registration Date;
- US\$120,000 on the 4th anniversary of the Registration Date;
- US\$120,000 on the 5th anniversary of the Registration Date;
- US\$150,000 on the 6th anniversary of the Registration Date and for each successive anniversary.

Furthermore, the Company must adhere to a schedule of minimum exploration expenditures as follows:

- US\$200,000 within the first two years following the Registration Date;
- US\$200,000 during the 3rd year following the Registration Date (cumulative spend US\$400,000);
- US\$300,000 during each of the 4th and 5th years following the Registration Date (cumulative spend US\$700,000 and \$1,000,000, respectively);
- US\$500,000 during each of the 6th and 7th years following the Registration Date (cumulative spend US\$1,500,000 and US\$2,000,000, respectively).

The minimum exploration expenditure schedule may be suspended for up to two years in any period in which the Company does not have a suitable joint venture partner funding expenditures on the project. As at February 29, 2024, the Company has not yet registered the project.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended February 29, 2024 and February 28, 2023

(Unaudited - expressed in Canadian dollars)

7. MINERAL PROPERTIES (continued)

Argelia Project

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

The Company must meet the following payment schedule to maintain the option:

- US\$100,000 by June 22, 2017 (*paid*);
- 162,427 common shares upon TSX-V approval of issuance (*issued*);
- US\$100,000 upon conversion of applications to titles;
- US\$100,000 upon receipt of approval for forestry subtraction or upon the Company commencing drill applications for any of the titles;
- US\$100,000 upon receipt of drill permits;
- US\$250,000 upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I) (“Announcement Date”);
- US\$250,000 one year following the Announcement Date.

A residual net profits interest (“NPI”) of 4% or an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

Mallama Project

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project (“Mallama”) by an outright purchase of 100% of the shares of the Colombian simplified share company, Mallama SAS.

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to Agencia Nacional de Minería (“ANM”) prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. An NSR of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

Oribella Project

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. (“Antioquia Gold”).

Upon registration of the property with ANM as a contract, Outcrop will reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000). Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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7. MINERAL PROPERTIES *(continued)*

Santa Ana Project

On January 24, 2020, the Company completed the acquisition of 100% of the Santa Ana project located in the Municipality of Falan, Tolima Department, Colombia through the purchase of all of the issued and outstanding shares of Malew. Consideration of 24,000,000 common shares of Outcrop with a value of \$2,640,000 were issued for all of the issued and outstanding shares of Malew. Malew's wholly owned subsidiary, Santa Ana S.A.S., owns the Santa Ana Project.

On July 28, 2020, the Company increased the Santa Ana land position with the acquisition of additional adjacent claims at a cost of \$333,433 (US\$250,000) and 1,000,000 shares of the Company valued at \$580,000. On November 14, 2022, the Company issued 2,104,054 common shares with a value of US\$500,000 after the first of the mining concession agreements was registered in the Assignee's name with the National Mining Registry. Within 15 days following the date on which the remaining mining concession agreements are registered in the Assignee's name with the National Mining Registry, the company will issue US\$500,000 in common shares of the Company. The vendors retained a 2% NSR royalty interest in the concession agreements. The Company has the option to purchase 1% of the NSR for US\$500,000 cash.

South Bullfrog Project

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Company owns 100% of the South Bullfrog gold Project located in Beatty, Nevada.

Pearl Project

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Company owns 100% of the Pearl porphyry copper project located near San Manuel, Arizona.

Miller Mountain Project

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Miller Mountain gold project located in Idaho, was originally acquired from EMX Royalty Corp. ("EMX"). Under the terms of the original agreement, the Company was required to make certain annual advance royalty and milestone payment. During the three months ended February 29, 2024, the Company decided to return the project to EMX. Accordingly, the Company wrote off the costs related to the Miller Mountain property totalling \$871,659.

Kramer Hills Project

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Kramer Hills gold project is centered on the past producing Shaharald oxide gold mine on patented ground with vested mining rights in San Bernardino, California. The project is subject to a 2% NSR.

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	February 29, 2024	August 31, 2023
Accounts payable and accrued liabilities – Canada	\$ 626,952	\$ 110,025
Accounts payable and accrued liabilities – Colombia	112,182	269,133
Amounts payable to related parties – Canada	149,132	111,890
TOTAL	\$ 888,266	\$ 491,048

9. LOANS PAYABLE

	Loan payable
Balance, August 31, 2023	\$ -
Loans transferred in Zacapa acquisition (Note 5)	403,455
Repayment	(407,814)
Interest expense	4,359
Balance, February 29, 2024	\$ -

On November 21, 2023, the Company completed the acquisition of Zacapa, which included loans payable of \$403,455. The loans bear interest at 10% per annum, compounding monthly, maturing on the earlier of December 31, 2023 and completion of an equity financing. The Company can repay the loans, in whole or in part, without penalty or notice. The Company fully repaid the loans during the period ended February 29, 2024.

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10. LEASE LIABILITY

The Company's lease liability relates to the office lease entered into by the Company's 100% owned subsidiary in Colombia. In connection with the lease, the Company recorded a right-of-use asset of \$51,986 within equipment and a corresponding lease liability of \$51,986. The Company's incremental borrowing rate for the lease is 17%.

		Lease liability
Balance, August 31, 2022	\$	27,624
Lease payments		(16,472)
Interest expense		3,792
Foreign exchange difference		1,742
Balance, August 31, 2023	\$	16,686
Lease payments		(9,356)
Interest expense		1,179
Foreign exchange difference		608
Balance, February 29, 2024	\$	9,117
	Current portion of lease liability	\$ 9,117
	Long-term portion of lease liability	\$ -

11. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Share Issuance

At February 29, 2024, the Company had 254,314,136 common shares issued and outstanding (February 28, 2023 – 195,802,462).

During the six months ended February 29, 2024, the Company:

- Issued 200,000 common shares following the exercise of stock options at price of \$0.13 per common share for gross proceeds of \$26,000.
- Issued 5,970,500 common shares under its at-the-market equity program (the "ATM Program") for gross proceeds of \$1,247,689. The ATM Program was established on September 6, 2023, and allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued.
- On November 21, 2023, the Company acquired Zacapa through the issuance of 30,017,474 common shares at \$0.21 per share, 7,727,630 warrants, 2,537,500 options and 75,000 DSUs in exchange for all the issued and outstanding equity of Zacapa for a total fair value of \$7,274,311 (Note 5).

During the six months ended February 28, 2023, the Company:

- Issued 1,350,000 common shares following the exercise of stock options at prices between \$0.10-\$0.22 per common share for gross proceeds of \$196,000.

OUTCROP SILVER & GOLD CORPORATION

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11. SHARE CAPITAL *(continued)*

- Issued 3,374,000 common shares following the exercise of share purchase warrants at a price between \$0.20-\$0.37 per common share for gross proceeds of \$708,380.
- Issued 6,000,000 common shares under its at-the-market equity program (the “ATM Program”) for gross proceeds of \$1,682,184. The ATM Program was established during the year ended August 31, 2021, and allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued.
- The Company completed a financing by issuing 22,828,400 units at a price of \$0.15 per unit for gross proceeds of \$3,424,260. Each unit is comprised of one common share and one common share purchase warrant, which is exercisable at price of \$0.22 for a period of 36 months. The Company also issued 732,002 broker warrants exercisable at \$0.22 for a period of 36 months. The proceeds of the financing were allocated on a relative fair value basis as \$2,112,000 to common shares and \$1,312,260 to warrants.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation of gross proceeds between shares and warrants were an expected life of 3 years, an expected dividend of \$nil, a risk-free interest rate of 3.78%, and an expected volatility of 107.37%.

Cash share issuance costs of \$184,468 were paid in relation to the financing, in addition to an issuance of 732,002 finders’ warrants with an exercise price of \$0.22 per share, valued at \$77,345 using the Black-Scholes Option-Pricing Model assumptions above.

- On November 14, 2022, the Company issued 2,104,054 common shares with a fair value of \$673,297 (US\$500,000) to Activos Mineros De Colombia S.A.S. as part payment for the Santa Ana project (Note 7) after the first of the mining concession agreements was registered in the Assignee’s name with the National Mining Registry.

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 10% of the Company’s issued and outstanding common shares to its directors, officers, employees, and consultants. The stock options can be granted for a maximum term of ten years and vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

OUTCROP SILVER & GOLD CORPORATION

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11. SHARE CAPITAL *(continued)*

The Company also has an award plan (the “RSU/DSU Plan”) which permits the grant of restricted share units of the Company (“RSUs”) and/or deferred share units of the Company (“DSUs”) whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 25,431,414 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company’s other securities-based compensation arrangements, including the Company’s stock option plan, shall not exceed 10% of the Company’s outstanding shares. The term for the restricted period of any RSU granted shall not exceed ten years.

The stock option continuity for the six months ended February 29, 2024, is as follows:

Number Outstanding August 31, 2023	Granted (note 5)	Exercised	Expired/Cancelled	Number Outstanding February 29, 2024	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,450,000	-	-	(200,000)	2,250,000	\$ 0.10	Feb 7, 2025	0.94
200,000	-	-	-	200,000	0.56	Jul 24, 2025	1.40
1,950,000	-	-	(100,000)	1,850,000	0.40	Oct 20, 2025	1.64
3,000,000	-	-	(200,000)	2,800,000	0.30	Apr 19, 2026	2.14
200,000	-	-	-	200,000	0.24	Aug 5, 2026	2.43
3,700,000	-	-	(200,000)	3,500,000	0.22	Apr 08, 2027	3.11
1,100,000	-	(200,000)	-	900,000	0.13	Apr 08, 2027	3.11
900,000	-	-	-	900,000	0.25	Oct 05, 2027	3.60
400,000	-	-	-	400,000	0.26	Oct 05, 2027	3.60
8,000,000	-	-	(250,000)	7,750,000	0.22	Jul 20, 2028	4.39
-	437,500	-	(137,500)	300,000	2.00	Jan 26, 2027	2.91
-	75,000	-	-	75,000	2.80	Jan 26, 2027	2.91
-	6,250	-	-	6,250	0.92	Jan 26, 2027	2.91
-	62,500	-	-	62,500	0.60	Jan 26, 2027	2.91
-	206,250	-	-	206,250	0.44	Dec 8, 2027	3.78
-	1,750,000	-	(125,000)	1,625,000	0.20	Jul 18, 2028	4.39
21,900,000	2,537,500	(200,000)	(1,212,500)	23,025,000	\$ 0.28	<i>(weighted average)</i>	3.19
			Exercisable	20,462,500	\$ 0.28	<i>(weighted average)</i>	3.04

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11. SHARE CAPITAL *(continued)*

The stock option continuity for the six months ended February 28, 2023 is as follows:

Number Outstanding August 31, 2022	Granted	Exercised	Expired/Cancelled	Number Outstanding February 28, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,950,000	-	(500,000)	-	2,450,000	\$ 0.10	Feb 7, 2025	1.95
200,000	-	-	-	200,000	0.56	Jul 24, 2025	2.40
1,950,000	-	-	-	1,950,000	0.40	Oct 20, 2025	2.64
3,000,000	-	-	-	3,000,000	0.30	Apr 19, 2026	3.14
500,000	-	-	(500,000)	-	-	Aug 5, 2026	-
100,000	-	(100,000)	-	-	-	Oct 25, 2022	-
250,000	-	-	-	250,000	0.24	Aug 5, 2026	3.44
500,000	-	(500,000)	-	-	-	Jan 13, 2027	-
3,850,000	-	(150,000)	-	3,700,000	0.22	Apr 08, 2027	4.11
1,300,000	-	(100,000)	-	1,200,000	0.13	Apr 08, 2027	4.11
-	900,000	-	-	900,000	0.25	Oct 05, 2027	4.60
-	400,000	-	-	400,000	0.26	Oct 05, 2027	4.60
14,600,000	1,300,000	(1,350,000)	(500,000)	14,050,000	\$ 0.24	(weighted average)	3.33
			Exercisable	12,875,000	\$ 0.24	(weighted average)	3.24

As at February 29, 2024, a total of 20,462,500 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.28.

Stock-Based Compensation

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

On November 21, 2023, the Company issued 2,537,500 stock options to the former holders of Zacapa stock options in accordance with the Arrangement (Note 5).

The Company recorded \$837,263 in stock-based compensation expense (February 28, 2023 - \$485,939) for options vested during six months ended February 29, 2024. The assumptions used in the Black-Scholes Option-Pricing Model to estimate the fair value of each option grant were an expected life of 5 years, expected dividend of \$nil, and:

	Nov 21, 2023	Jul 20, 2023	Jun 23, 2022	Apr 8, 2022	Jan 13, 2022	Nov 15, 2021	Oct 25, 2021
Risk-free interest rate	4.39%	3.86%	3.16%	2.59%	1.50%	1.48%	0.82%
Expected volatility	98.88-105.11%	141.33%	146.78%	146.71%	145.89%	146.14%	83.35%
Fair value	\$0.03-0.16	\$0.19	\$0.12	\$0.20	\$0.15	\$0.20	\$0.06

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11. SHARE CAPITAL (continued)

Share Purchase Warrants

On November 21, 2023, the Company issued 7,727,630 warrants to the former holders of Zacapa in accordance with the acquisition (Note 5). The exercise prices ranged from \$0.30 to \$2.72 and the expiry dates ranged from June 21, 2024 to July 7, 2026. The warrants were valued using the Black-Scholes option pricing model with the following assumptions: risk free interest rate 4.39%; dividend yield of 0%; expected volatility of 89.25%-100.98% and expected life of 0.58-2.63 years.

The share purchase warrant continuity for the six months ended February 29, 2024 is as follows:

Number Outstanding August 31, 2023	Granted (note 5)	Expired/Cancelled	Number Outstanding February 29, 2024	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
9,813,760	-	(9,813,760)	-	\$ 0.40	Feb 22, 2024	-
1,590,721	-	-	1,590,721	0.40	Apr 17, 2024	0.13
19,710,000	-	-	19,710,000	0.20	Nov 7, 2024	0.69
25,481,555	-	-	25,481,555	0.37	Mar 9, 2023	0.02
1,200,000	-	-	1,200,000	0.27	Mar 9, 2023	0.02
19,455,700	-	-	19,455,700	0.22	Sep 22, 2025	1.56
732,002	-	-	732,002	0.22	Sep 22, 2025	1.56
9,048,500	-	-	9,048,500	0.35	May 10, 2025	1.19
1,085,820	-	-	1,085,820	0.25	May 10, 2025	1.19
-	395,421	-	395,421	2.72	Jun 21, 2024	0.31
-	2,476,057	-	2,476,057	0.88	Oct 28, 2025	1.66
-	4,856,153	-	4,856,153	0.30	Jul 7, 2026	2.35
88,118,058	7,727,631	(9,813,760)	86,031,929	\$ 0.31	(weighted average)	0.86

The share purchase warrant continuity for the six months ended February 28, 2023 is as follows:

Number Outstanding August 31, 2022	Granted	Exercised	Number Outstanding February 28, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
9,813,760	-	-	9,813,760	\$ 0.40	Feb 22, 2024	0.98
1,590,721	-	-	1,590,721	0.40	Apr 17, 2024	1.13
21,960,000	-	(2,250,000)	19,710,000	0.20	Nov 7, 2024	1.69
10,700,750	-	-	10,700,750	0.60	Mar 26, 2023	0.07
1,246,429	-	-	1,246,429	0.43	Mar 26, 2023	0.07
25,555,555	-	(74,000)	25,481,555	0.37	Mar 09, 2024	1.03
1,200,000	-	-	1,200,000	0.27	Mar 09, 2024	1.03
-	22,828,400	(1,050,000)	21,778,400	0.22	Sep 22, 2025	2.57
-	732,002	-	732,002	0.22	Sep 22, 2025	2.57
72,067,215	23,560,402	(3,374,000)	92,253,617	\$ 0.33	(weighted average)	1.42

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11. SHARE CAPITAL (continued)

Deferred Stock Units

On November 21, 2023, the Company issued 75,000 Outcrop DSUs in accordance with the Zacapa acquisition (Note 5). The DSUs were all fully vested on acquisition date. The weighted average grant date fair value per DSU was \$0.21. During three months ended February 29, 2024, 37,500 DSUs were cancelled.

12. RELATED PARTY TRANSACTIONS

The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Farris LLP ("Farris"), a company in which Jay Sujir is a partner	Legal services
Slater Corporate Services Corporation ("SCSC"), a company related to Ian Slater	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting
Slater Capital Corporation ("SCC"), a company related to Ian Slater	Loans

- a) The Company incurred the following fees in connection with companies owned or partially owned by key management (Chief Executive Officer and Chief Financial Officer) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Cost reimbursement - SCSC	150,000	120,000	300,000	240,000
Legal fees – Farris	3,931	4,470	132,792	6,158
Total	\$ 153,931	\$ 124,470	\$ 432,792	\$ 246,158

- b) Amounts owing to related parties are disclosed in Note 8 and 9. Other than the loans payable, all amounts are unsecured, with no specific terms of repayment.
- c) Compensation of directors and members of key management personnel, including amounts disclosed in Note 12(a) and (b) were as follows:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Exploration	\$ 53,028	\$ 57,167	\$ 141,535	\$ 114,699
Legal fees ⁽¹⁾	3,931	4,470	132,792	6,158
Reimbursement of expense ⁽²⁾	25,142	34,568	26,921	56,254
Stock-based compensation	207,637	96,392	625,862	311,675
Wages and benefits	63,750	101,280	127,500	201,275
Total	\$ 353,488	\$ 293,877	\$ 1,054,610	\$ 690,061

⁽¹⁾ Amounts are included in professional fees and share issuance costs.

⁽²⁾ Amount is included in general and administrative expenses and wages and benefits.

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13. SEGMENTED DISCLOSURE

The Company operates in the mineral exploration sector within Colombia and USA.

Note 7 provides disclosure as to the geographic location of the Company's mineral properties and exploration expenditures. The majority of the Company's equipment is located in Colombia.

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 11). 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

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

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the management of capital during the six months ended February 29, 2024.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the six months ended	February 29, 2024	February 28, 2023
Non-cash investing and financing activities:		
Fair value of finders' warrants	\$ -	\$ 77,345
Relative fair value of unit warrants	-	1,312,260
Transfer of fair value of options exercised	23,580	176,058
Transfer of fair value of warrants exercised	-	152,508
Shares issued for purchase to Activos Mineros	-	673,297
Acquisition of Zacapa (Note 5)	7,274,311	-
Deferred financing costs	54,699	-
Interest received	\$ 955	\$ 2,079

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16. SUBSEQUENT EVENTS

Subsequent to February 29, 2024, the Company:

- granted 4,525,000 stock options to directors, officers and employees at \$0.16 per share, expiring on March 26, 2029;
- completed a public offering by issuing 23,000,000 units at a price of \$0.15 per unit for gross proceeds of \$3,450,000. Each unit is comprised of one common share and one common share purchase warrant, which is exercisable at price of \$0.22 for a period of 24 months;
- issued 600,000 common shares following the exercise of stock options at price between \$0.10 - \$0.13 per common share for gross proceeds of \$63,000; and
- issued 1,085,000 common shares following the exercise of warrants at price of \$0.22 per common share for gross proceeds of \$238,700.
- issued 3,530,500 common shares under its ATM Program for gross proceeds of \$822,143.