AUXICO RESOURCES CANADA INC.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

AUXICO RESOURCES CANADA INC.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Contents

Management's responsibility for financial reporting	1
Independent Auditor's Report	2-5
Consolidated Statements of Financial Position	6
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	7
Consolidated Statements of Changes in Deficiency	8-9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-43

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of
Auxico Resources Canada Inc.,

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee is composed in majority of Directors who are neither management nor employees of the Company. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP S.E.N.C.R.L., s.r.l./LLP, Chartered Professional Accountants, has been appointed to audit the consolidated financial statements and their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, the Audit Committee and management to discuss their audit findings.

April 8, 2025

/s/ Pierre Gauthier
President & CEO

Independent Auditor's Report

To the Shareholders of Auxico Resources Canada Inc.:

Opinion

We have audited the consolidated financial statements of Auxico Resources Canada Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statements of profit and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards.

We have audited the consolidated financial statements of Auxico Resources Canada Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and September 30, 2022, and the consolidated statements of profit and other comprehensive income, changes in 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023 and September 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards.

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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a loss before net finance earnings (costs) and income taxes of $6,626,693 and has a deficiency attributable to shareholders of $8,253,785 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

MNP S.E.N.C.R.L., s.r.l./LLP

1155, boulevard René-Lévesque Ouest, 23e étage, Montréal (Québec) H3B 2K2 1.888.861.9724 Tél. : 514.861.9724 Téléc. : 514.861.9446

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 period. 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 matters to be communicated in our report.

Convertible debentures

Key Audit Matter Description

As described in Notes 5 ii) and 14 to the consolidated financial statements, the Company issued convertible debentures including conversion options.
The convertible debentures have been recorded as host component and conversion option (embedded derivative).
As at September 30, 2023 the Company recognized $5,279,497 as host component and $277,315 as fair value of the conversion option, totaling $5,556,812 in convertible debentures.

We considered this a key audit matter due to the complex nature of certain parts of the contractual agreements, and the judgments used by management to determine the fair value of the conversion options.

Audit Response

We responded to this matter by performing audit procedures relating to the accounting treatment for convertible debentures. Our audit work in relation to this included, but was not restricted to, the following:

- Analyzed the signed debentures agreements to obtain an understanding of the key terms and conditions and to identify the necessary accounting considerations.
- Obtained management's analysis related to the accounting treatment for all convertible debenture's agreements issued by the Company.
- Obtained management's valuation of the conversion options at inception date, conversion date and reporting date and assesses the change in fair value of derivatives to determine if any gain/loss needed to be recorded.
- Utilized internal valuation experts to evaluate the reasonability of the inputs used as part of the convertible debentures valuation method and comparing the results to the fair value amounts used by the Company.
- Sent convertible debentures confirmations to the debenture holders for all agreements with expiry date after year end to corroborate the key terms of the agreements.
- Assessed the appropriateness of the disclosures relating to the convertible debentures in the notes to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Auxico Resources Canada Inc. for the year ended September 30, 2022 were audited by BDO Canada s.r.l./S.E.N.C.R.L./LLP of Montréal, Québec, Canada. BDO expressed an unmodified opinion on those statements on March 6, 2023

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

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 period 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 Anand Beejan.

Montréal, Québec

MNP LLP[1]

April 8, 2025

[1] By CPA auditor, public accountancy permit No. A126822

AUXICO RESOURCES CANADA INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars, other than share numbers)

As at,	**September 30, 2023**	September 30, 2022
	$	$
ASSETS		
Current assets		
Cash	**5,638**	2,115,889
Receivables (notes 6)	**200,338**	676,939
Promissory notes (note 7)	**-**	200,000
Prepaid and deposits (note 8)	**261,977**	185,526
Advances to directors (note 21)	**3,098**	3,098
Advance to companies controlled by a director (note 21)	**-**	364,464
	471,051	3,545,916
Non-current assets		
Equipment (note 10)	**42,845**	81,662
Prepaid and deposits (note 8)	**500,000**	500,000
Other assets (note 9)	**243,505**	680,019
Exclusive sales agency distribution agreement (note 11)	**187,050**	561,150
Conversion right (note 11)	**676,000**	693,000
TOTAL ASSETS	**2,120,451**	6,061,747
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**3,533,372**	1,977,326
Due to a company with common directors (note 21)	**480,471**	-
Farm-out agreement debt (note 12)	**790,800**	798,280
Finder's fees payable (note 13)	**11,692**	218,724
Convertible debentures (note 14)	**5,556,812**	20,639,170
	10,373,147	23,633,500
Non-current liabilities		
Convertible debentures (note 14)	**-**	12,716,048
Total Liabilities	**10,373,147**	36,349,548
SHAREHOLDERS' DEFICIENCY		
Issued capital (note 15)	**40,385,283**	29,947,709
Deficit	**(48,639,068)**	(60,236,601)
Equity attributable to non-controlling interests	**1,089**	1,091
Total shareholder's(deficiency)	**(8,252,696)**	(30,287,801)
TOTAL LIABILITIES & EQUITY	**2,120,451**	6,061,747

Going Concern (note 2), Commitments (note 26), Joint arrangements and Subsequent events (note 28)

Approved on behalf of the Board:

Pierre Gauthier, President and Director

Kenneth "Buzz" West, Chairman of the Board

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

AUXICO RESOURCES CANADA INC.
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
For the years ended September 30, 2023 and 2022
(Expressed in Canadian Dollars, other than share numbers)

	September 30, 2023	September 30, 2022
	$	$
Sales commissions	**264,091**	448,049
Cost of sales	-	126,776
Gross margin	**264,091**	321,273
Selling and administrative expenses (note 23)	**6,890,784**	10,927,949
Loss before net finance earnings and income taxes	**(6,626,693)**	(10,606,676)
Finance income	**4,822**	12,327
Finance costs (note 24)	**(2,349,170)**	(1,677,607)
Gain on debentures conversion	**51,269**	-
Gain on debentures extension	**67,179**	-
Fair value adjustment of the embedded derivatives (note 14)	**20,450,124**	47,359,702
Net finance earnings	**18,224,224**	45,694,422
Net income and comprehensive income	**11,597,531**	**35,087,746**
Net income and comprehensive income attributable to:		
Shareholders	**11,597,533**	35,087,742
Non-controlling interest	**(2)**	4
	11,597,531	35,087,746
Income per share to equity holders of Auxico Resources Canada Inc.		
Basic	**0.14**	0.51
Diluted (note 16)	**0.13**	0.48
Weighted average number of shares outstanding		
Basic	**80,582,391**	68,904,453
Diluted (note 16)	**89,737,470**	73,760,481

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

AUXICO RESOURCES CANADA INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2023 and 2022
(Expressed in Canadian Dollars, other than share numbers)

	TOTAL EQUITY (DEFICIENCY) ATTRIBUTABLE TO SHAREHOLDRES							
	SHARE CAPITAL (Note 15)		WARRANTS (Note 15)	CONTRIBUTED SURPLUS (note 15)	EQUITY COMPONENT OF THE CONVERTIBLE DEBENTURES	DEFICIT	TOTAL EQUITY (DEFICIENCY)	NON CONTROL INTEREST
	#	$	$	$	$	$	$	$
Balance, as at September 30, 2022	**71,590,196**	**21,147,407**	**4,155,183**	**4,527,170**	**117,949**	**(60,236,601)**	**(30,288,892)**	**1,091**
Extension of debentures	-	-	-	-	45,505	-	45,505	-
Debentures exercised	18,151,845	5,146,422	3,994,445	-	-	-	9,140,867	-
Warrants exercised	2,493,150	828,689	(454,717)	-	-	-	373,972	-
Options exercised	155,000	107,826	-	(47,301)	-	-	60,525	-
Share-based compensation	-	-	-	816,705	-	-	816,705	-
Net income and comprehensive income	-	-	-	-	-	11, 597,533	11,597,533	(2)
Balance, as at September 30, 2023	**92,390,191**	**27,230,344**	**7,694,911**	**5,296,574**	**163,454**	**(48,639,068)**	**(8,253,785)**	**1,089**

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

AUXICO RESOURCES CANADA INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2022 and 2021
(Expressed in Canadian Dollars, other than share numbers)

	TOTAL EQUITY (DEFICIENCY) ATTRIBUTABLE TO SHAREHOLDRES							
	SHARE CAPITAL (Note 15)		WARRANTS (Note 15)	CONTRIBUTED SURPLUS (Note 15)	EQUITY COMPONENT OF THE CONVERTIBLE DEBENTURES	DEFICIT	TOTAL EQUITY (DEFICIENCY)	NON CONTROL INTEREST
	#	$	$	$	$	$	$	$
Balance, as at September 30, 2021	**65,014,000**	**16,210,067**	**2,431,549**	**2,239,001**	**-**	**(95,324,343)**	**(74,443,726)**	**1,087**
Shares and warrants issued in a private placement	3,538,776	2,504,721	1,279,007	-	-	-	3,783,728	-
Issuance costs - Private placement	-	(304,329)	(136,274)	-	-	-	(440,603)	-
Conversion of debentures	515,410	1,567,564	187,211	-	-	-	1,754,775	-
Stock-options exercised	1,450,000	587,412	-	(246,661)	-	-	340,751	-
Warrants issued	-	-	769,200	-	-	-	769,200	-
Warrants exercised	1,072,010	581,972	(375,510)	-	-	-	206,462	-
Issuance of convertible debentures	-	-	-	-	117,949	-	117,949	-
Share-based compensation	-	-	-	2,534,830	-	-	2,534,830	-
Net income and comprehensive income	-	-	-	-	-	35,087,742	35,087,742	4
Balance, as at September 30, 2022	**71,590,196**	**21,147,407**	**4,155,183**	**4,527,170**	**117,949**	**(60,236,601)**	**(30,288,892)**	**1,091**

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

AUXICO RESOURCES CANADA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2023 and 2022
(Expressed in Canadian Dollars, other than share numbers)

	September 30, 2023	September 30,
	$	$
Cash used in operating activities		
Net income	**11,597,531**	35,087,746
Depreciation	**38,817**	34,789
Amortization of exclusive sales agency distribution agreement	**374,100**	187,050
Share-based compensation	**816,705**	2,534,830
Bad debts	**-**	37,479
Professional fees paid with warrants	**-**	769,200
Write-off of sales tax receivable	**14,715**	43,638
Write-down of inventory prepayments	**-**	1,200,785
Write-down of other assets	**444,644**	-
Unrealized foreign exchange gain	**9,520**	(30,860)
Write-down on inventory	**-**	126,776
Fair value adjustment of the embedded derivatives (note 14)	**(20,450,124)**	(47,359,702)
Accreted interest	**1,873,683**	1,199,756
Penalties	**10,000**	-
Gain on debentures conversion	**(51,269)**	-
Gain on debentures extension	**(67,179)**	-
Fair value adjustment of the conversion option (note 14)	**-**	(124,700)
Net changes in non-cash working capital items (note 22)	**1,984,166**	685,884
	(3,404,691)	(5,607,329)
Cash flows used in investing activities		
Acquisition of exclusive distribution agreement and conversion right	**-**	(1,247,000)
Advance to companies controlled by a director	**-**	(364,464)
Promissory notes to third party	**200,000**	(200,000)
Acquisition of other assets	**(8,130)**	(71,133)
Acquisition of equipment	**-**	(116,451)
	191,870	(1,999,048)
Cash flows from financing activities		
Due to directors	**-**	(3,883)
Due to companies controlled by a director	**844,935**	(12,733)
Finder's fees payable	**(176,862)**	(224,988)
Exercise of warrants	**373,972**	206,462
Exercise of options	**60,525**	340,751
Proceeds from issuance of units, net of issuance cost	**-**	3,343,124
Proceeds from issuance of convertible debentures, net of issuance cost	**-**	3,510,000
	1,102,570	7,158,733
(Decrease)/Increase in cash	**(2,110,251)**	(447,644)
Cash beginning of the year	**2,115,889**	2,563,533
Cash end of the year	**5,638**	2,115,889
Supplemental information		
Interest paid	**248,849**	334,877

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

Auxico Resources Canada Inc. ("Auxico" or the "Company") was incorporated under the Canada Business Corporations Act on April 16, 2014.

Auxico has four subsidiaries, Auxico Resources S.A. de C.V., incorporated under the laws of Mexico on June 16, 2011, C.I. Auxico de Colombia S.A., incorporated under the laws of Colombia on April 9, 2019, Sociedad Minera Auxico S.A.S., incorporated under the laws of Colombia on May 10, 2022 and Minera Auxico Bolivia S.A., incorporated under the laws of Bolivia on November 26, 2021.

Auxico is a mineral exploration company with silver-gold properties in the state of Sinaloa, Mexico. The Company is also actively engaged in exploration mining opportunities in Colombia, as well as Brazil and Bolivia.

The Company's head office and primary place of business is located at 500-201 Notre-Dame Street West, Montréal, Québec, H2Y 1T4, Canada.

2. GOING CONCERN

These financial statements were prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for a reasonable period of time. The business of mining exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in its mining properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify the title to the properties on which it is conducting exploration and has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and non-compliance with regulatory requirements.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. For the year ended September 30, 2023, although the Company did generate revenues of $264,091 (September 30, 2022 - $448,049) from its operations but incurred a loss before net finance earnings (costs) and income taxes of $6,626,693 (2022 – $10,606,676) and has a deficiency attributable to shareholders of $8,253,785 as at September 30, 2023 (September 30, 2022 – $30,288,892). Its ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, complete the development of its explorations, and eventually to generate positive cash flows from operations. Accordingly, there is a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities. In that regard, the Company signed an agreement with an entity in Colombia that will lead to the production of rare earth elements.

Global equity markets have experienced significant volatility and periodic weakness due to rising inflation and interest rates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern and, accordingly, they do not reflect the adjustments, if any, that may be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business.

3. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on, April 8, 2025.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material item in the consolidated statement of financial position:

- Convertible debentures 2020 and 2021 – Conversion option and participating feature as well as the conversion right are measured at fair value.

The consolidated financial statements have been prepared on a going concern basis, meaning the Company would be able to realize its assets and discharge its liabilities in the normal course of action.

Basis of consolidation

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company's subsidiaries, as of September 30, are:

	2022	2022
Auxico Resources S.A. de C.V. ("Auxico Mexico")	**100%**	100%
C.I. Auxico de Colombia S.A ("Auxico Colombia")	**96%**	96%
Sociedad Minera Auxico S.A.S ("Auxico Colombia New")	**100%**	100%
Minera Auxico Bolivia S.A ("Auxico Bolivia")	**100%**	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent equity interests in the subsidiary owned by outside parties. The share of net assets of the subsidiary attributable to non-controlling interests is presented as a component of equity. Their share of net income (loss) and comprehensive income (loss) is recognized directly in deficiency.

Operating segments are reported in a manner consistent with the internal reporting of the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the management team, which makes strategic decisions.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The parent company's functional currency is Canadian dollars. The functional currency of the subsidiaries is also Canadian dollars.

4. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The revenue from sale of ore concentrate is recognized at an amount that reflects the consideration that the Company expects to receive. The Company established a five-step model to account for revenue arising from contracts with customers: to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation, and recognize revenue as each performance obligation is satisfied. The Company exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of revenue recognition model to contracts with customers.

The revenue from sales commissions is recognized when the Company is notified from its customer that the sales has been completed, the final invoice issued, and the payment is received.

Where a revenue arrangement includes consideration payable to a customer it is recorded as a reduction of the arrangement's transaction price. The payment is currently recognized as a contract asset and will reduce future revenue recognized over time during the life of the agreement.

Issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. The Company charges share issue costs to share capital and debentures when the related financial instruments are issued. Deferred issue costs related to financing transactions that are not completed are charged to expenses as well as issuance cost affected to financial instruments classified at fair value through profit or loss.

Share-based compensation

A share-based compensation plan has been granted by the Company to its directors, officers and employees. Share-based compensation expense is measured based on the fair value at the grant date and recognized over the period that the employees unconditionally become entitled to the awards with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Upon the exercise of the options, any consideration received from plan participants is credited to share capital; the amount originally credited to contributed surplus is also reclassified to share capital.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted earnings (loss) per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statements of income (loss) and comprehensive income (loss) in the period in which they arise, except when deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of income (loss) and comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Mining properties and exploration and evaluation expenditures

Exploration and evaluation (E&E) expenditures include rights in mining properties and costs related to the initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in net income (loss) when they are incurred.

E&E expenditures also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral source or a proven and probable reserve;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the consolidated statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The acquisition cost includes the purchase price or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is recognized under the straight-line method to write-down the cost to its estimated residual value, over the useful life of the assets. Assets are depreciated once they are available for use. The depreciation of equipment is calculated over three years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

Financial instruments

(i) Financial assets

Financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified and valued according to three categories: at amortized cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured according to two categories: at amortized cost or at FVTPL. In accordance with IFRS 9, derivatives embedded in contracts where the host contract is a financial asset falling within the scope of the standard are not separated, but the hybrid financial instrument as a whole is valued for the purposes of ranking.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognized through other comprehensive income. Debt instruments are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified all of its financial assets as follows:

Financial Assets	Classification	Subsequent Measurement
Cash	Debt instruments	Amortized cost
Receivables	Debt instruments	Amortized cost
Advances to directors	Debt instruments	Amortized cost
Advances to companies controlled by a director	Debt instruments	Amortized cost
Conversion right (note 11)	FVTPL	FVTPL
Promissory notes	Debt instruments	Amortized cost

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired if there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

(iii) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(iv) Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

(v) Financial liabilities issued by the Company

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. Derivative instruments are measured at FVTPL even though they are not held for trading or designated as such.

A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term; or if on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or if it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

The Company has classified all of its financial liabilities as follows:

Financial Liabilities	**Classification**	**Subsequent Measurement**
Accounts payable and accruals	Other financial liability	Amortized cost
Due to companies controlled by a director	Other financial liability	Amortized cost
Due to directors	Other financial liability	Amortized cost
Finder's fees payable	Other financial liability	Amortized cost
Farm-out agreement	Other financial liability	Amortized cost
Long-term debt	Other financial liability	Amortized cost
Convertible debentures – Host component	Other financial liability	Amortized cost
Convertible debentures 2020 and 2021 – Conversion option (note 14)	FVTPL	Fair value
Convertible debentures – Participating feature (note 14)	FVTPL	Fair value

(vi) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(vii) Extinguishment of financial liabilities with equity instruments

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss and comprehensive loss, unless the settlement was determined to be a transaction with an owner, in which case the difference is recognized in the equity.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically valuates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is recorded using the asset and liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Inventory and inventory prepayment

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the FIFO (first in, first out) method. The cost of inventory comprises costs of purchase incurred in bringing the inventory to their present location and condition. The costs of purchase include the purchase price, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of finished goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the cost exceeds net realizable amount, a provision is recognized. The provision may be reversed in a subsequent period if the circumstances which caused the write down no longer exist.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term. During the year ended September 30, 2023, amounts totaling $60,000 (September 30, 2022 - $36,000) were included in the statement of income and comprehensive income related to leases of short-term natures.

Joint arrangements

A joint arrangement can take the form of a joint operation or joint venture. All joint arrangements involve a contractual arrangement that establishes joint control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operation may or may not be structured through a separate vehicle. These arrangements involve joint control of one or more of the assets acquired or contributed for the purpose of the joint operation. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

Standards issued but not yet effective

At September 30, 2023, a number of new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these consolidated financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Company's consolidated financial statements are provided below.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements and are not listed.

i) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact on its consolidated financial statements.

ii) *Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of deficit or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact on its consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates. The areas which require management to make significant judgments or estimates and assumptions in determining carrying values include, but are not limited to:

i) *Going concern*

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ii) *Convertible debentures*

The convertible debentures issued by the Company in Fiscal 2020 and 2021 include conversion options as well as a participating feature on net profits generated by the Company, which are considered as Level 3 financial instruments, both classified as derivative liabilities. The derivative components are initially measured at fair value and subsequently measured at fair value through profit and loss, with subsequent changes in fair value recorded in the statement of loss and comprehensive loss. The host liability component was initially measured at the residual amount, after deducting the fair value of the derivative components from the transaction price and is subsequently measured at amortized cost using the effective interest method. The Monte Carlo simulation (using the Black-Scholes framework) is used to estimate the fair value of the conversion option and the discounted cash flow analysis is used to estimate the fair value of the participation option. Detailed assumptions used in the model to determine the fair value of the embedded derivative as of September 30, 2023, are provided in note 14.

(Expressed in Canadian Dollars)

Also, the evaluation of the embedded derivatives contains a high level of incertitude and several estimates such as the price of the shares of a private company, the profits that will be generated from the future sales, the correlation between the two conversion options as well as the rationale that there will be no sub-optimal behavior from holders of the convertible debentures.

For the convertible debenture issued in Fiscal 2022, the Company determined the fair value of the liability component and the residual amount of the transaction price is allocated to the equity component.

Estimating the fair value of the liability component requires the use of assumptions, the most significant being the discount rate. The Company needs to determine the discount rate that reflects the interest rate that the Company would get for entering into a liability with similar terms but without any conversion feature (see note 14).

iii) *Determination of deferred income taxes*

The carrying amount of deferred income tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. There is no certainty that future income tax rates will be consistent with current estimates. Changes in tax rates increase the volatility of the Company's earnings.

iv) *Black-Scholes valuation*

The calculation of the fair value of units, stock options and warrants granted require management to make estimates and assumptions, the most significant being related to the volatility of the underlying common share. Expected volatility was based on the Company's historical volatility if it was available for the life of the grant. Where the Company does not have sufficient history of being publicly traded, the volatility was determined based on the Company's historical volatility and the historical volatility of comparable publicly traded companies. The Company has estimated the expected life of grants as being their contractual life given the limited history of early exercises.

6. RECEIVABLES

As at,	**September 30, 2023**	September 30, 2022
	$	$
Trade accounts receivable	**-**	515,145
Sales tax receivable	**200,338**	86,853
Other receivables	**-**	74,941
	200,338	676,939

(Expressed in Canadian Dollars)

7. PROMISSORY NOTES

In February 2022, the Company advanced $200,000 through promissory notes to a third-party. The promissory notes bear interest at the rate of 10% and was due to be reimbursed by September 30, 2022. As at September 30, 2023, the promissory notes were paid by the third-party with interest.

8. PREPAID AND DEPOSITS

As at,	**September 30, 2023** **$**	September 30, 2022 $
Prepaid to related company (a)	**500,000**	500,000
Other prepaid expenses	**261,977**	185,526
	761,977	685,526
Current portion	**261,977**	185,526
Long-term portion	**500,000**	500,000

(a) Prepaid to related company
On July 28, 2021, the Company signed an agreement with a related company to use the license developed by the related company for a period of 10 years upon the signing of the agreement. The Company had to pay a deposit of $500,000 that will be applied against future license royalties.

9. OTHER ASSETS

As at,	**September 30, 2023** **$**	September 30, 2022 $
Deposit on Minastyc property (a)	**243,505**	235,375
Deposit on Agualinda property (b)	**-**	444,644
	243,505	680,019

(a) Deposit on Minastyc property
On December 14, 2020, the Company signed an agreement to purchase a parcel of land in Colombia. As at September 30, 2023, the Company paid a total deposit of $243,505 ($235,275 as of September 30, 2022). However, the transfer of property of the land has not been completed at the date of these consolidated financial statements.

(b) Deposit on Agualinda property
On December 8, 2021, the Company announced the acquisition of the surface rights to 1,293 hectares of land titled Agualinda, located in the municipality of Puerto Carreño, in the department of Vichada, Colombia. The land adjoins the Minastyc property, which the Company agreed to purchase in December 2020. As per the signed agreement, the Company has the obligation to pay to the vendors a purchase price of US$315,000, which was payable as US$35,000 upon signature and US $280,000 upon completion of the succession documents. As of September 30, 2023, the Company has written-off the total deposits made for the unprosecuted Agualinda project.

(Expressed in Canadian Dollars)

10. EQUIPMENT

	$
Equipment - at cost:	
As at October 1, 2022	116,451
Additions during the year	-
As at September 30, 2023	**116,451**
Depreciation:	
As at October 1, 2022	34,789
Depreciation during the year	38,817
As at September 30, 2023	**73,606**
Net carrying amount as at September 30, 2023	**42,845**

11. EXCLUSIVE SALES AGENCY DISTRIBUTION AGREEMENT

On March 30, 2022, the Company signed an exclusive sales agency distribution agreement with Central America Nickel Inc. 'CAN' (a related company) for the sales of CAN's rare earths. The contract gives the Company the exclusive rights to distribute CAN's rare earths in exchange for a payment of $1,247,000 (US$1,000,000) that was paid on April 1, 2022.

The term of the contract is for two years. The contract entitles the Company to receive a 15% commission on CAN'S rare earth gross revenues. The commission revenues for the twelve-month period ended September 30, 2023 were $264,091 (September 30, 2022 - $448,049). Anytime during the two-year contract period, the Company has the right to convert the full value of the $1M USD into the number of common shares of CAN resulting from a conversion ratio of $2CAD/common share based on the exchange rate on conversion date, otherwise this amount is not repayable by CAN. No additional payment is required to convert.

The fair value as at September 30, 2023 of the intangible assets, amortized over the two-year contract period, was $748,200 (September 30, 2022- $748,200). The net carrying amount as at September 30, 2023 was $187,050 (September 30, 2022 - $561,150). The amortization for the period ended September 30, 2023 was $374,100 (September 30, 2022 - $187,050).

	$
Intangible asset - at cost:	
As at October 1, 2022	748,200
Acquisition	-
As at September 30, 2023	**748,200**
Amortization:	
As at October 1, 2022	187,050
Amortization	374,100
As at September 30, 2023	**561,150**
Net carrying amount as at September 30, 2022	561,150
Net carrying amount as at September 30, 2023	**187,050**

At inception, the fair value of the conversion right was estimated assuming a share price of $0.80 CAD for CAN and a number of shares of 623,500 resulting in an initial fair value of $498,800. At September 30, 2023 the fair value of the conversion was $676,000 (September 30, 2022 - $693,000), due to the variability in the number of shares resulting from changes in foreign exchange, resulting in a foreign exchange loss of $31,000 for the twelve-month period ended September 30, 2023, which was recorded within selling and administrative expenses as a foreign exchange loss.

(Expressed in Canadian Dollars)

12. FARM-OUT AGREEMENT DEBT

On April 7, 2017, the Company entered into a Gold Loan Settlement Agreement (the "Settlement Agreement") related to the June 13, 2013 Farmout Agreement. Pursuant to the Settlement Agreement, the Company agreed to pay US$400,000 and issue 1,000,000 common shares in settlement of the Farm-Out Agreement in exchange for cash consideration of $250,000.

The Settlement Agreement was revised several times, with the most recent amendment being on September 1, 2019 pursuant to which the Company was to pay the amount on or before August 30, 2020. The amount remains unpaid, and the shares have not yet been issued. The total liability at September 30, 2023 was $790,800 (September 30, 2022 – $798,280).

13. FINDER'S FEES PAYABLE

Following the issuance of convertible debentures (note 14), the Company signed a contract on December 30, 2020, with a third party to pay monthly finder's fees until the maturity date of the convertible debentures issued in October 2020. The monthly payment for those finder's fees represents 10% of the total financing under the scope of this contract.

The finder's fees are payable if the investors remain holders of the convertible debentures. As soon as an investor converts their debentures into units of the Company or shares of CAN, the monthly payment will be adjusted to reflect that conversion. The maturity of this long term-debt is identical to the convertible debentures, which is October 23, 2023.

At inception, the initial monthly payment was $23,190, bearing no interest. Under IFRS 9 guidance, the Company determined the initial carrying amount using the discounted fair value and, following initial measurement, the liability will be amortized over the term of maturity using the effective interest rate method. The interest rate used for the calculation of the discounted fair value was 19%. Upon conversion of debentures, the Company derecognizes the associated gross carrying amount of the liability and records to profit and loss as a "gain on debt settlement".

On February 28, 2023, following a conversion of $825,000 of convertible debentures into 4,125,000 units (4,125,000 shares and 4,125,000 warrants that can be exercised at $0.25 over a 3-year period). The corresponding finder's fees payables were extinguished which resulted in a gain on conversion of debentures of $51,269.

As at,	**September 30, 2023** **$**	September 30, 2022 $
Financing fees, payable by monthly instalments of $11,874 ($18,749 in 2022), bearing no interest, nominal of $83,120 ($243,737 in 2022), maturing in October, 2023.	**11,692**	218,724

14. CONVERTIBLE DEBENTURES

Issuance – September 30, 2022

On March 8, 2022, the Company completed a non-brokered financing of $3,900,000 by way of issuance of unsecured, non-redeemable convertible debentures (the "Debentures"). The debentures carry an interest rate of 10%, payable monthly, with a maturity date of March 11, 2023. The principal amount of the Debentures is convertible at any time at the election of the holder. The Debentures are convertible into common shares of the Company at a price of $2.50 per common share. If all debentures were converted, this would result in the issuance of 1,560,000 common shares. For accounting purposes, the Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the Debentures assuming a 14.5% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the Debentures and the fair value of the liability component.

Transaction costs of $390,000 were incurred and have been recorded pro rata against the liability and equity components. The liability balance of the transaction costs will be amortized over the life of the debenture.

On March 1, 2022, there was a conversion of $25,000 of the initial Debentures plus $411 of interest into 254,109 units (254,109 shares and 254,109 warrants that can be exercised at $0.15 over a 3-year period).

On June 15, 2022, there was a conversion of $25,000 of the initial Debentures plus $1,130 of interest into 261,301 units (261,301 shares and 261,301 warrants that can be exercised at $0.15 over a 3-year period).

As at September 30, 2022, the total debentures have a nominal value of $7,500,000.

Issuance – September 30, 2023

On October 17, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,479 of interest into 514,794 units (514,794 shares and 514,794 warrants that can be exercised at $0.15 over a 3-year period).

On October 31, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,671 of interest into 516,712 units (516,712 shares and 516,712 warrants that can be exercised at $0.15 over a 3-year period).

On November 2, 2022, there was a conversion of $100,000 of the initial Debentures plus $3,397 of interest into 1,033,972 units (1,033,972 shares and 1,033,972 warrants that can be exercised at $0.15 over a 3-year period).

On November 9, 2022, the Company asked for a 6-month extension of the initial $3,900,000 debenture that was maturing March 11, 2023. The extension was granted for the exact same terms and conditions, the debenture is now maturing September 7, 2023. The effect of this extension was considered as not being a substantial modification in accordance with IFRS 9 and the effect of the modifications were reflected to the profit and losses as a gain on modification of instrument of $67,179. The contract held an additional clause that gave the Company the opportunity to extend the Debenture until December 31, 2023 if it didn't have the funds for repayment as of September 7, 2023. The effect of this extension was considered to be an extinction of the first debenture and the issuance of a new debenture. The new debenture held the exact condition except for the conversion price that was reduced to $1 per share instead of $2.5 per share in the previous agreement.

On November 16, 2022, there was a conversion of $50,000 of the initial Debentures plus $1,890 of interest into 518,904 units (518,904 shares and 518,904 warrants that can be exercised at $0.15 over a 3-year period).

On February 28, 2023, there was a conversion of $825,000 of the initial Debentures into 4,125,000 units (4,125,000 shares and 4,125,000 warrants that can be exercised at $0.25 over a 3-year period).

On June 9, 2023, there was a conversion of $150,000 of Debentures into 1,500,000 units (1,500,000 shares and 1,500,000 warrants that can be exercised at $0.15 over a 3-year period).

On June 19, 2023, there was a conversion of $950,000 of Debentures plus $44,247 of interests into 9,942,463 units (9,942,463 shares and 9,942,463 warrants that can be exercised at $0.15 over a 3-year period).

As at September 30, 2023, the total debentures have a nominal value of $5,325,000.

Accounting treatment and evaluation

In accordance with IAS 32, Financial Instruments: Presentation ("IAS 32"), the issuer of a non-derivative financial instrument shall evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. In application of this standard, the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

(Expressed in Canadian Dollars)

At the time of issuance of the debentures, the Company determined that the conversion options as well as the participating feature constitute an embedded derivative financial instrument. Upon a conversion into units of the Company, the carrying amount of the host debt instrument recorded at amortized cost and the fair value of the related embedded derivative will be transferred to equity. Upon a conversion into common shares of CAN, the carrying amount of the host debt instrument and the fair value of the related embedded derivative will be transferred to profit and loss.

At the date of these consolidated financial statements, the Company reviewed the estimated fair value of the conversion options and adjusted the initial fair value to $277,315 (September 30, 2022 - $28,119,197) using the same valuation technique. For the twelve-month period ended September 30, 2023, the change in fair value of derivatives resulted in a total decrease of expense of $20,450,124 (September 30, 2022 decrease of $47,359,702) and was recorded in the consolidated statements of income and other comprehensive income.

The following table summarizes the information on debentures as at:

	Host Component Component $	Embedded Derivatives $	Total $
Balance as at September 30, 2021 (Restated)	**724,568**	**77,212,445**	**77,937,013**
Proceeds - year's issuance	3,900,000	-	3,900,000
Accretion (a)	1,139,502	-	1,139,502
Equity component of the debenture	(131,054)	-	(131,054)
Transaction costs allocated to host component	(376,895)	-	(376,895)
Conversion into units of the Company	(20,100)	(1,733,546)	(1,753,646)
Change in fair value of the derivative	-	(47,359,702)	(47,359,702)
Balance as at September 30, 2022	**5,236,021**	**28,119,197**	**33,355,218**
Accretion (a)	1,852,585	-	1,852,585
Equity component of the debenture	(45,505)	-	(45,505)
Conversion into units of the Company	(1,696,425)	(7,391,758)	(9,088,183)
Gain on modification of instrument	(67,179)	-	(67,179)
Change in fair value of the derivative	-	(20,450,124)	(20,450,124)
Balance as at September 30, 2023	**5,279,497**	**277,315**	**5,556,812**
Current potion	5,279,497	277,315	5,556,812
Long-term portion	-	-	-

(a) The amortization of transaction costs was presented as an expense with the accreted expenses and was recorded in the consolidated statements of loss and comprehensive loss.

15. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at September 30, 2023, there were 92,390,191 (71,590,196 as at September 30, 2022) issued and fully paid common shares.

Issuances through private placement or conversion of debentures for the year ended September 30, 2022

On January 19, 2022, the Company completed a non-brokered private placement, raising gross proceeds of $1,771,200 by issuing 1,476,000 units of the capital of the Company at a price of $1.20 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share of the Company at a price of $1.50 per common share for three years from the date of issuance. In connection with the private placement, the Company issued an aggregate of 80,080 broker's warrants. Issuance costs of $142,056 were incurred for this private placement. Those issuance costs were allocated respectively to the relative fair value of each component of the private placement.

On March 1, 2022, the Company issued 254,109 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On March 21, 2022, the Company completed a non-brokered private placement, raising gross proceeds of $1,856,500 by issuing 2,062,776 units of the capital of the Company at a price of $0.90 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share of the Company at a price of $1.20 per common share for three years from the date of issuance. In connection with the private placement, the Company issued an aggregate of 158,355 broker's warrants. Issuance costs of $142,520 were incurred for this private placement. Those issuance costs were allocated respectively to the relative fair value of each component of the private placement.

On June 15, 2022, the Company issued 261,301 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

Issuances through private placement or conversion of debentures for the year ended September 30, 2023

On October 17, 2022, the Company issued 514,794 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On October 31, 2022, the Company issued 516,712 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 2, 2022, the Company issued 1,033,972 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On November 16, 2022, the Company issued 518,904 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On February 28, 2023, the Company issued 4,125,000 units of the capital of the Company following the conversion of debentures issued in October 2020 at a price of $0.20 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.25 per common share for three years from the date of issuance.

On June 9, 2023, the Company issued 1,500,000 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

On June 19, 2023, the Company issued 9,942,463 units of the capital of the Company following the conversion of debentures issued in June 2020 at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per common share for three years from the date of issuance.

Issuance through exercise of options and warrants for the year ended September 30, 2022

On October 5, 2021, the Company issued 150,000 common shares of the capital of the Company following the exercise of 150,000 options in exchange of $37,500. The options exercised had an exercise price of $0.25. Following the exercise of those options, $27,307 was reclassified from contributed surplus to share capital.

On October 18, 2021, the Company issued 440,000 common shares of the capital of the Company following the exercise of 440,000 warrants in exchange of $110,000. The warrants exercised had an exercise price of $0.25. Following the exercise of those warrants, $174,161 was reclassified from warrants reserve to share capital.

On December 20, 2021, the Company issued 100,000 common shares of the capital of the Company following the exercise of 100,000 warrants in exchange of $15,000. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $10,903 was reclassified from warrants reserve to share capital.

On February 28, 2022, the Company issued 950,000 common shares of the capital of the Company following the exercise of 950,000 options in exchange for $237,500. The options exercised had an exercise price of $0.25. Following the exercise of those options, $172,946 was reclassified from contributed surplus to share capital.

On March 15, 2022, the Company issued 200,000 common shares of the capital of the Company following the exercise of 200,000 options in exchange for $50,000. The options exercised had an exercise price of $0.25. Following the exercise of those options, $30,465 was reclassified from contributed surplus to share capital.

On March 15, 2022, the Company issued 254,109 common shares of the capital of the Company following the exercise of 254,109 warrants in exchange for $38,116. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $94,430 was reclassified from warrants reserve to share capital.

On July 6, 2022, the Company issued 261,301 common shares of the capital of the Company following the exercise of 261,301 warrants in exchange for $39,195. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $92,781 was reclassified from warrants reserve to share capital.

On July 19, 2022, the Company issued 150,000 common shares of the capital of the Company following the exercise of 150,000 options in exchange for $15,750. The options exercised had an exercise price of $0.105. Following the exercise of those options, $15,943 was reclassified from contributed surplus to share capital.

On August 25, 2022, the Company issued 16,600 common shares of the capital of the Company following the exercise of 16,600 warrants in exchange of $4,150. The warrants exercised had an exercise price of $0.25. Following the exercise of those warrants, $3,235 was reclassified from warrants reserve to share capital.

Issuance through exercise of options and warrants for the year ended September 30, 2023

On October 24, 2022 and November 24, 2022, the Company issued a total of 155,000 common shares of the capital of the Company following the exercise of 155,000 options in exchange for $60,525. The options exercised had an exercise price of $0.40 and $0.105. Following the exercise of those options, $47,301 was reclassified from contributed surplus to share capital.

On December 1, 2022, the Company issued 200,000 common shares of the capital of the Company following the exercise of 200,000 warrants in exchange for $30,000. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $21,807 was reclassified from warrants reserve to share capital

On May 10, 2023 and June 29, 2023, the Company issued a total of 2,293,150 common shares of the capital of the Company following the exercise of 2,293,150 warrants in exchange for $343,973. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $432,910 was reclassified from warrants reserve to share capital.

Warrants

Issuance through finders' fees and consulting fees

On January 19, 2022, in connection with a private placement, the Company issued 80,080 broker warrants as compensation. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price of $1.10 and an exercise price of $1.50, risk-free rate of 1.5168%, volatility of 125.70%, vesting immediately and expected life of 3 years from date of grant resulting in a fair value of $60,412. Each warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable common share of the Company at a price of $1.50 at any time until the third-year anniversary of the date of their issuance.

On March 21, 2022, in connection with a private placement, the Company issued 158,355 broker warrants as compensation. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price of $0.96 and an exercise price of $0.90, risk-free rate of 2.1072%, volatility of 98%, vesting immediately and expected life of 3 years from date of grant resulting in a fair value of $95,615. Each warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable common share of the Company at a price of $0.90 at any time until the third-year anniversary of the date of their issuance.

On June 22, 2022, the Company issued 1,000,000 warrants in exchange of consulting fees. The fair value of these warrants was calculated using Black-Scholes pricing model, with an expected life of 3 years from date of grant resulting in a fair value of $769,200. Each warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable common share of the Company at a price of $0.90 at any time until the third-year anniversary of the date of their issuance.

Issuance through private placement

On January 19, 2022, in connection with a private placement, the Company issued 738,000 warrants. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price of $1.10 and an exercise price of $1.50, risk-free rate of 1.5168%, volatility of 125.70%, vesting immediately and expected life of 3 years from date of grant resulting in a fair value of $556,747. Each warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable common share of the Company at a price of $1.50 at any time until the third-year anniversary of the date of their issuance.

On March 21, 2022, in connection with a private placement, the Company issued 1,031,388 warrants. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price of $0.96 and an exercise price of $1.20, risk-free rate of 2.1072%, volatility of 98%, vesting immediately and expected life of 3 years from date of grant resulting in a fair value of $566,232. Each warrant will entitle its holder to subscribe for and purchase one fully paid and non-assessable common share of the Company at a price of $1.20 at any time until the third-year anniversary of the date of their issuance.

Issuance through conversion of debentures for the year ended September 30, 2022

On March 1, 2022, the Company issued 254,109 warrants following the conversion of debentures issued in June 2020. The fair value of those warrants was calculated under the relative fair value method. The Company allocated the total proceeds from the conversion in proportion to their relative fair values. Those relative fair values were estimated using the share price at the date of issuance for the common shares of the capital of Company issued and using a Black-Scholes pricing model for the warrants. The assumptions used in the Black-Scholes pricing model are estimated life 3 years, actual stock price $1.00, strike price $0.15, volatility 125.4%, risk-free rate 1.5551% and dividend yield at Nil%. The fair value for the warrants calculated under the relative fair value method was estimated at $94,430.

(Expressed in Canadian Dollars)

On June 15, 2022, the Company issued 261,301 warrants following the conversion of debentures issued in June 2020. The fair value of those warrants was calculated under the relative fair value method. The Company allocated the total proceeds from the conversion in proportion to their relative fair values. Those relative fair values were estimated using the share price at the date of issuance for the common shares of the capital of Company issued and using a Black-Scholes pricing model for the warrants. The assumptions used in the Black-Scholes pricing model are estimated life 3 years, actual stock price $0.89, strike price $0.15, volatility 127.4%, risk-free rate 3.2994% and dividend yield at Nil%. The fair value for the warrants calculated under the relative fair value method was estimated at $92,781.
On October 17, 2022, the Company issued 514,794 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $270,185.

Issuance through conversion of debentures for the year ended September 30, 2023

On October 31, 2022, the Company issued 516,712 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $198,708.

On November 2, 2022, the Company issued 1,033,972 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $402,704.

On November 16, 2022, the Company issued 518,904 warrants following the conversion of debentures issued in June 2020. The fair value for the warrants calculated under the relative fair value method was estimated at $114,762.

On February 28, 2023, the Company issued 4,125,000 warrants following the conversion of debentures issued in October 2020. The fair value of the warrants calculated under the relative fair value method was estimated at $1,056,091.

On June 9, 2023, the Company issued 1,500,000 warrants following the conversion of debentures issued in October 2020. The fair value of the warrants calculated under the relative fair value method was estimated at $265,673.

On June 19, 2023, the Company issued 9,942,463 warrants following the conversion of debentures issued in October 2020. The fair value of the warrants calculated under the relative fair value method was estimated at $1,686,323.

The fair value of those warrants was calculated under the relative fair value method. The Company allocated the total proceeds from the conversion in proportion to their relative fair values. Those relative fair values were estimated using the share price at the date of issuance for the common shares of the capital of Company issued and using a Black-Scholes pricing model for the warrants. The assumptions used in the Black-Scholes pricing model are described below:

	October 17 2022	**October 31 2022**	**November 2 2022**	**November 16 2022**	**February 28 2023**	**June 9 2023**	**June 19 2023**
Estimated life	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Actual stock price	$0.65	$0.50	$0.49	$0.31	$0.41	$0.25	$0.24
Strike price	$0.15	$0.15	$0.15	$0.15	$0.25	$0.15	$0.15
Volatility	115.70%	116.50%	156.70%	158.20%	107.20%	94.80%	109.30%
Risk-free rate	3.8589%	3.6694%	3.7039%	3.5527%	3.7427%	3.9515%	4.0414%
Dividend yield	Nil%	Nil%	Nil%	Nil%	Nil%	Nil%	Nil%

(Expressed in Canadian Dollars)

Changes in the number of warrants outstanding for the year are as follows:

	Warrants \#	Weighted average exercise price $
Balance - September 30, 2021	**8,178,600**	0.68
Issued	818,080	1.50
Issued	1,158,355	0.90
Issued	1,031,388	1.20
Issued	515,410	0.15
Exercised	(440,000)	0.25
Exercised	(615,410)	0.15
Exercised	(16,600)	0.25
Balance - September 30, 2022	**10,629,823**	0.84
Issued	14,026,845	0.15
Issued	4,125,000	0.25
Exercised	(2,293,150)	0.15
Exercised	(200,000)	0.40
Balance - September 30, 2023	**26,288,518**	0.44

The following table summarizes the information on outstanding warrants as at:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$1.00	4,872,000	0.3	February 2024
$0.15	400,000	0.7	June 2024
$0.25	1,650,000	0.9	August 2024
$0.15	500,000	0.9	August 2024
$1.50	818,080	1.3	January 2025
$0.90	158,355	1.5	March 2025
$1.20	1,031,388	1.5	March 2025
$0.90	1,000,000	1.7	June 2025
$0.15	1,031,506	2.1	October 2025
$0.15	1,352,876	2.1	November 2025
$0.25	4,125,000	2.4	February 2026
$0.15	9,349,313	2.7	June 2026

Stock options

In 2017, the Board of Directors of the Company adopted an incentive stock option plan (the "Plan"), for the benefit of employees, consultants, officers and directors. The Plan allows the Company to issue stock options up to a maximum of 10% of the issued and outstanding shares of the Company at the date of grant. The exercise price payable for each option is determined by the Board of Directors at the date of grant and may not be less than the closing market price during the trading day immediately preceding the date of the grant of the options on the Exchange, for a minimum amount of $0.10 per option. The vesting period and expiry date are determined by the Board of Directors for each vesting.

Issuance for the year ended September 30, 2022

On November 24, 2021, the Board of Directors issued 450,000 stock options to consultants of the Company. These stock options have a strike price of $1.39, vested immediately and expire in 5 years. The fair value of the options was estimated at $1.0459 per option at the grant date for a total of $470,655 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 1.235%, expected volatility of 99% and expected option life of five years.

On March 2, 2022, the Board of Directors issued 1,000,000 stock options to consultants of the Company. These stock options have a strike price of $1.00, vested immediately and expire in 1 year. The fair value of the options was estimated at $0.2716 per option at the grant date for a total of $271,600 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 1.2770%, expected volatility of 68.20% and expected option life of one year.

On April 19, 2022, the Board of Directors issued 2,250,000 stock options to consultants, officers and directors of the Company. These stock options have a strike price of $0.85, vested immediately and expire in 5 years. The fair value of the options was estimated at $0.5887 per option at the grant date for a total of $1,324,575 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 2.6696%, expected volatility of 87.40% and expected option life of five years.

Issuance for the year ended September 30, 2023

On November 15, 2022, the Board of Directors issued 750,000 stock options to directors and officers of the Company. These stock options have a strike price of $0.42, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3019 per option at the grant date for a total of $226,425 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 3.2336%, expected volatility of 106.0% and expected option life of five years.

On December 20, 2022, the Board of Directors issued 300,000 stock options to consultants of the Company. These stock options have a strike price of $0.45, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.3809 per option at the grant date for a total of $114,270 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 2.9647%, expected volatility of 107.30% and expected option life of five years.

On July 6, 2023, the Board of Directors issued 2,700,000 stock options to directors, officers and consultants of the Company. These stock options have a strike price of $0.30, no vesting period and expire in 5 years. The fair value of the options was estimated at $0.1763 per option at the grant date for a total of $476,010 using the Black-Scholes option pricing-model with the following assumptions: risk-free interest rate of 3.7344%, expected volatility of 118.10% and expected option life of five years.

(Expressed in Canadian Dollars)

Changes in the number of options outstanding for the year are as follows:

	Options #	Weighted average exercise price $
Balance - September 30, 2021	**5,540,000**	0.49
Issued	450,000	1.39
Issued	1,000,000	1.00
Issued	2,250,000	0.85
Exercised	(150,000)	0.105
Exercised	(1,300,000)	0.25
Expired	(500,000)	0.75
Expired	(205,000)	0.25
Cancelled	(150,000)	0.105
Balance - September 30, 2022	**6,935,000**	**0.79**
Issued	2,700,000	0.30
Issued	750,000	0.42
Issued	300,000	0.45
Exercised	(5,000)	0.105
Exercised	(150,000)	0.40
Expired	(100,000)	0.25
Expired	(150,000)	0.40
Expired	(200,000)	0.85
Expired	(1,000,000)	1.00
Cancelled	(100,000)	0.79
Cancelled	(200,000)	0.85
Balance - September 30, 2023	**8,780,000**	

During the twelve-month period ended September 30, 2023, the issuance of stock options resulted in a recognition of a stock-based compensation expense by the Company of $816,705 (September 30, 2022 - $2,534,830).

The following table summarizes the information on outstanding and exercisable options:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$0.25	300,000	0.5	March 2024
$0.105	245,000	2.0	September 2025
$0.45	900,000	2.5	March 2026
$0.79	575,000	2.8	July 2026
$1.26	510,000	2.9	September 2026
$1.39	450,000	3.2	November 2026
$0.85	2,050,000	3.6	April 2027
$0.42	750,000	4.1	November 2027
$0.45	300,000	4.2	December 2027
$0.30	2,700,000	4.8	July 2028

(Expressed in Canadian Dollars)

16. EARNINGS (LOSS) PER SHARE

The diluted weighted average number of shares has been calculated as follows:

	September 30, 2023	September 30, 2022
Weighted average number of common shares – basic	**80,582,391**	68,904,453
Addition to reflect the dilutive effect of stock options	**566,397**	1,899,980
Addition to reflect the dilutive effect of warrants	**8,588,683**	2,956,048
Weighted average number of common shares - diluted	**89,737,470**	73,760,481

Options and warrants that are anti-dilutive because the exercise price was greater than the average market price of the common shares is not included in the computation of net earnings per share. For the twelve-month period ended September 30, 2023, 7,879,823 options (September 30, 2022 – 2,513,750) and 5,535,000 warrants (September 30, 2022 – 2,926,432) were excluded from the above computation.

Net income is the measure of the income used to calculate the earnings per share. Convertible debenture is anti-dilutive due to the impact of adjustments related to them (specifically related to the derivatives see note 14) would have on net income.

(Expressed in Canadian Dollars)

17. SEGMENTATION INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral property interests and in five geographical segments: Canada, Mexico, Colombia, DRC, Brazil and Bolivia. The total assets, liabilities, deficiency and net income (loss) and comprehensive income (loss) with these geographic areas as at and for the years ended September 30, 2023, and 2022 are as follows:

	September 30, 2023	September 30, 2022
	$	$
Canada	**1,850,478**	5,334,801
Mexico	**3,785**	10,537
Columbia	**246,603**	683,117
Bolivia	**-**	13,707
Brazil	**19,585**	19,585
Total assets	**2,120,451**	6,061,747
Canada	**9,876,287**	36,130,288
Mexico	**482,060**	204,517
Columbia	**756**	696
Bolivia	**14,044**	14,047
Total liabilities	**10,373,147**	36,349,548
Canada	**2,496,568**	(22,237,681)
Mexico	**(2,767,153)**	(2,476,859)
Columbia	**(2,937,213)**	(2,055,961)
Bolivia	**(340,253)**	(239,565)
DRC	**(35,758)**	(35,758)
Brazil	**(4,668,887)**	(3,241,977)
Total deficiency	**(8,252,696)**	(30,287,801)
Canada	**14,296,675**	39,690,857
Mexico	**(290,294)**	(483,391)
Columbia	**(881,252)**	(1,210,413)
Bolivia	**(100,688)**	(202,741)
DRC	**-**	(7,728)
Brazil	**(1,426,910)**	(2,698,838)
Net income (loss) and comprehensive income (loss)	**11,597,531**	35,087,746

18. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration and development of mineral property interests. Management has not established a quantitative capital structure. Capital needs are reviewed on a regular basis by management relative to the stage of development of the business entity. The Company currently is dependent on externally provided equity financing to fund its future exploration activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available. The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company, the current state of the markets and exploration industry. There were no changes in the Company's approach to capital management during the years.

(Expressed in Canadian Dollars)

The Company's capital items are the following:

For the years ended,	**September 30, 2023** **$**	September 30, 2022 $
Convertible debentures (note 14)	**5,556,812**	33,355,218
Share capital (note 15)	**27,230,344**	21,147,407

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

As at September 30, 2023, the Company's financial instruments include cash, receivables (excluding sales tax), advance to directors, advance to companies controlled by a director, accounts payable and accruals, due to directors and due to companies controlled by directors, for which there are no differences in the carrying values and fair values, due to their short-term nature.

Classification of financial instruments

The carrying amount of the Company's financial assets and liabilities by categories are as follows:

Financial assets and liabilities recognized at amortized cost	**September 30, 2023** **$**	September 30, 2022 $
Cash	**5,638**	2,115,889
Receivables, excluding sales tax	**-**	590,086
Promissory notes	**-**	200,000
Advances to directors	**3,098**	3,098
Advances to companies controlled by a director	**-**	364,464
Accounts payable and accruals	**3,533,372**	1,977,326
Due to a company with common directors	**480,471**	-
Farm-out agreement debt	**790,800**	798,280
Finder's fees payable	**11,692**	218,724
Convertible debentures – host component	**5,279,497**	5,236,021

Fair value

Fair value is the estimated amount that parties dealing at arm's length would accept to exchange in settlement of a financial instrument based on the current market for instruments with the same risk, principal and maturity date. These fair value estimates are affected by assumptions made about the amount and timing of estimated future cash flows, discount rates and terms of the contract. As a result, the fair values are not necessarily the net amounts that would be realized if such financial instruments were settled.

The Company has determined that the carrying amount of its short-term financial assets and liabilities, approximates their fair value because of the relatively short periods to maturity of these instruments.

The carrying amount of the convertible debentures – host component do not differ significantly from their fair value. Management believes that no significant change occurred in the risk of these instruments.

Fair value hierarchy

Fair value estimates are made as of a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial liabilities recognized at fair value	**September 30, 2023** **$**	September 30, 2022 $
Conversion right (level 3)	**676,000**	693,000
Convertible debentures -Embedded derivative (level 3)	**277,315**	28,119,197

The determination of the fair value of the embedded derivative of the convertible debentures was calculated using a level 3 fair value hierarchy.

Risks

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flows and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

Market risk

Foreign exchange risk: Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets is denominated in United States dollars and in Mexican Pesos. Consequently, certain financial assets are exposed to exchange fluctuations. Most of the Company's operations are conducted in Canadian dollars. The Company does not hold derivative financial instruments to manage the fluctuation of exchange rate risk.

The financial assets and liabilities denominated in United States dollars, in Mexican Pesos and in Pound Sterling, translated into Canadian dollars at the closing rate, which expose the Company to exchange risk are:

As at,	**September 30, 2023** **$**	September 30, 2022 $
Cash (United States)	**6,827**	121,293
Cash (Mexico)	**9**	7,233
Receivables (United States)	**-**	515,145
Account payables and accruals (United States)	**(1,928,605)**	(1,257,362)
Account payables and accruals (Mexico)	**(387,684)**	(199,800)
Net exposure	**(2,309,453)**	(813,491)

A 10% change in the exchange rate would result in a variation estimated at $230,945 (September 30, 2022 – $81,350).

(Expressed in Canadian Dollars)

i)Fair value interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate, because of changes in interest rates. The Company's financial liabilities other than current liabilities, are comprised of medium to long-term fixed interest rate debt.

Cash & cash equivalents	Fixed interest rates
Advance to directors	Non-interest bearing
Advance to companies controlled by a director	Non-interest bearing
Promissory notes	Fixed interest rates
Accounts payables and accruals	Non-interest bearing
Convertible debentures	Fixed interest rates / non-interest bearing

ii)Commodity price risk

While the value of the Company's core mineral resource is related to the price of precious metals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities. Precious metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors. Adverse movements in the prices of precious metals may also negatively impact the Company's ability to raise capital and meet its financial commitments.

Credit risk

Credit risk arises from cash with banks and financial institutions. The Company reduces this risk by dealing with creditworthy financial institutions. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash, receivables (excluding sales tax), and promissory notes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At September 30, 2023, the Company has a negative working capital of $9,892,096 (September 30, 2022 - negative working capital of $20,087,584).

The following are the contractual maturities of the financial liability's amounts:

September 30, 2023	**Less than 0 year $**	**1 to 5 years $**	**> 5 years $**
Accounts payable and accruals	3,533,372	-	-
Finder's fees payable	11,692	-	-
Due to a company with common directors	480,471	-	-
Farm-out agreement debt	790,800	-	-
Convertible debentures – Host component	5,279,497	-	-
Convertible debentures – Embedded derivative	277,315	-	-

(Expressed in Canadian Dollars)

20. INCOME TAXES

Effective income tax expenses differ from income tax expense computed based on the combined federal and provincial income tax rate of 26.5% (2022 – 26.5%) as a result of the following:

	September 30,	September 30, 2022
	$	$
Income before income taxes	11,597,531	35,087,746
Tax expense using the Company's domestic tax rate	3,073,346	9,298,523
Loss in foreign jurisdiction subject to a different tax rate	(9,957)	(17,235)
Inflation adjustment in foreign jurisdiction subject to a different tax rate	29,363	44,997
Deduction from losses carry forward in foreign jurisdiction	57,270	90,632
Convertible debentures adjustment	(5,419,282)	(12,550,321)
Non-deductible expenses	732,081	945,230
Tax benefits not recognized	1,537,178	2,188,174
Total income tax expenses	-	-

The non-capital losses expire as follows:

	Federal	**Québec**	**Colombia**	**Mexico**	**Bolivia**
	$	**$**	**$**	**$**	**$**
2033	7,167	7,167	-	-	-
2034	13,998	13,998	-	-	-
2035	323,455	323,455	-	-	-
2036	1,071,460	1,069,457	-	-	-
2037	57,871	57,871			
2038	1,300,799	1,297,760	-	-	-
2039	1,474,935	1,470,533	31,134	-	-
2040	866,966	865,871	3,490	-	-
2041	2,682,310	2,682,309	23,638	230,408	-
2042	4,472,762	4,472,762	-	264,004	-
2043	3,512,212	3,511,211	60	139,773	26,724
	15,783,935	**15,772,394**	**58,322**	**634,185**	**26,724**

Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

	September 30, 2023	September 30, 2022
	$	$
Non-capital losses	**4,354,079**	3,480,018
Inventory adjustment	**318,208**	318,208
Exploration and evaluation expenses	**1,584,820**	930,733
Capital assets	**19,506**	9,219
Intangible assets	**148,705**	49,568

(Expressed in Canadian Dollars)

21. RELATED PARTY TRANSACTIONS

The Company's related parties include companies with common directors, controlled by a director as well as key management personnel and directors.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. All balances of advances receivables and advances payable are measured at fair value and occurred in the normal course of business.

	September 30, 2023	September 30, 2022
	$	$
Management fees		
Company controlled by a director	**240,000**	135,000
Key management personnel and director	**146,429**	240,000
Share-based compensation		
Key management personnel and director	**482,060**	412,090
Rent		
Company controlled by a director	**60,000**	36,000
Consulting fees		
Key management personnel and director	**85,547**	103,103
Interest on private placement		
Key management personnel and directors	**9,315**	37,082

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

		Amounts owed by related parties	**Amounts owed to related parties**
		$	**$**
Key management personnel and directors	**September 30, 2023**	**3,098**	**15,522**
	September 30, 2022	3,098	-
Company with common directors	**September 30, 2023**	**-**	**480,471**
	September 30, 2022	879,609	-
Companies controlled by a director	**September 30, 2023**	**-**	**91,478**
	September 30, 2022	-	28,675

The dues and advances to directors are unsecured, payable on demand and bears no interest. The dues and advances to companies controlled by a director unsecured, payable on demand and bears no interest.

(Expressed in Canadian Dollars)

22. SUPPLEMENTAL CASHFLOW INFORMATION

Changes in non-cash working capital items:

	September 30, 2023	September 30, 2022
	$	$
Receivable	**461,886**	(514,922)
Subscription receivable	**-**	11,675
Prepaid expenses and deposits	**(76,451)**	(64,441)
Accounts payable and accruals	**1,598,731**	1,253,572
	1,984,166	685,884

23. SELLING AND ADMINISTRATIVE EXPENSES

	September 30, 2023	September 30, 2022
	$	$
Exploration and evaluation expenditures (note 24)	**2,718,217**	3,378,420
Professional fees	**1,706,545**	2,465,699
Share-based compensation (note 15)	**816,705**	2,534,830
Management fees	**386,429**	375,000
Amortization of exclusive sales agency distribution agreement	**374,100**	187,050
Legal fees	**423,308**	318,767
Travel expenses	**127,401**	261,988
Public listing fees	**120,589**	88,329
Advertising	**95,832**	57,478
Office expenses	**72,529**	26,548
Rent	**60,000**	36,000
Depreciation	**38,817**	34,789
Loss on foreign exchange	**31,189**	5,849
Write-off of sales tax receivable	**14,715**	43,638
Bad debt	**-**	37,479
Write-down of inventory prepayments	**-**	1,200,785
Kibara Minerals' advance reimbursement	**(95,592)**	-
Fair value adjustment of the conversion option	**-**	(124,700)
Total selling and administrative expenses	**6,890,784**	10,927,949

24. FINANCE COSTS

	September 30, 2023	September 30, 2022
	$	$
Accreted interest	**1,873,683**	1,268,194
Interest on convertible debentures	**446,069**	390,336
Interest and bank fees	**19,418**	18,790
Interest and penalties	**10,000**	287
Total finance costs	**2,349,170**	1,677,607

(Expressed in Canadian Dollars)

25. EXPLORATION AND EVALUATION EXPENDITURES

	Geology and prospection $	Mining claims $	Total E&E Expenditures $
Balance at September 30, 2021	**2,065,687**	**586,631**	**2,652,318**
Expenditures for the year	3,230,926	147,494	3,378,420
Balance at September 30, 2022	**5,296,613**	**734,125**	**6,030,738**
Expenditures for the period	2,468,292	249,925	2,718,217
Balance at September 30, 2023	7,764,905	984,050	8,748,955

26. COMMITMENTS

Net Smelter Return Royalty ("NSRR")

The Company has a 100% undivided interest in the Zamora Property, pursuant to an assignment agreement signed on July 17, 2013 involving two vendors and Auxico Mexico. As per the terms of this agreement, the Zamora Property is subject to a 2% NSRR from proceeds of first-hand sale of products proceed from the mining concessions on commencement of commercial production. Half of this NSRR can be purchased by the Company at any time for US$500,000.

Net royalty – Central America Nickel Inc.

On May 25, 2018, the Company agreed to pay Central America Nickel Inc. ("CAN") a 2% net royalty on the production of gold on any deposit in the world where process is used by the Company. The Company has the option to buy back 50% of this royalty (or 1% of the 2% royalty) at any time through the issuance of 2,000,000 common shares of the Company.

Agreement with the École Polytechnique and Impact Global Systems

On February 1, 2021, the Company signed an agreement with École Polytechnique and IGS concerning the recovery of critical minerals from ore tailings. As per the terms of this contract, the Company has agreed to provide to École Polytechnique $15,000 in each of 2022 and 2023. The Company proceeded with the payments according to the agreement and has no outstanding balance as of September 30, 2023.

Purchase of Agualinda Property

On December 8, 2021, the Company announced the acquisition of the surface rights to 1,293 hectares of land titled Agualinda, located in the municipality of Puerto Carreño, in the department of Vichada, Colombia. The land adjoins the Minastyc property, which the Company purchased in December 2020. As per the signed agreement, the Company will pay to the vendors a purchase price of US$315,000 (of which US$35,000 was paid as of September 30, 2022 and US$280,0000 is due as of September 30, 2022), in addition to a yearly fee in the amount of US$100,000 for a period of three years following the signing of the agreement upon revenues generated from production. Considering the financial obligations were not met by the Company during the year ended September 30, 2023, the Company has written off the total deposits made for the unprosecuted Agualinda project (note 9).

Memorandum of understanding - Empresa Minera El Benton S.R.L

On August 17, 2023, the Company signed a memorandum of understanding for the development of mining areas El Benton and Monte Verde and committed to paying US$140,000. This amount was fully paid on October 6, 2023.

27. JOINT ARRANGEMENTS

Joint venture agreement with Cooperativa Estanifera de Mineradores da Amazonia Legal Ltda.

On June 3, 2022, Auxico signed a joint venture agreement ("Agreement") with CEMAL, concerning the production and sale of concentrates from the Massangana tailings in the state of Rondonia, Brazil. During Fiscal 2022, the Company has made payments of $648,435 (US$500,000) and subsequent to year-end made payments of $682,510 (US$500,000), which was accrued at September 30, 2022. A payment of $344,250 (US$250,000) was made in October 2022 and a second payment of $338,260 (US$250,000) was completed in January 2023, for a combined amount of $682,510 (US$500,000). Given the nature of the arrangement all amounts have been recorded as exploration and evaluation expenditures. These expenditures primarily covered operating costs associated with tin purchases, logistics, and related services. The Company did not acquire any tangible or intangible assets as part of the agreement, nor did the arrangement create a resource controlled by the Company that would provide future economic benefits.

Pursuant to the Agreement, the Company is to obtain licenses and permits by June 20, 2023 and has a commitment to make a final payment of US$1,000,000 in August 2023. The Company has the right to terminate the agreement prior to the final payment being due.

Joint venture agreement with Impact Global Systems

On May 25, 2021, the Company signed a joint venture agreement with Impact Global Systems ("IGS") concerning the processing of ores bearing tantalum, niobium, iridium and possibly other minerals. As per the terms of this agreement, the Company will assume all costs related to the purchase and transport of ores to the IGS facility in Delson, Québec, as well as providing funds for the purchase of equipment and working capital. In return, the Company will receive 80% of the net profits from the sale of these minerals, with the remaining 20% going to IGS. There were no activities under that joint venture for the year ended September 30, 2023.

Agreement with Gracor

On October 26, 2022, Auxico announced that it had signed an agreement for high-grade tin trading operations in Colombia, which provides the the Company entered into an agreement with Gracor S.A.S for high-grade tin trading operations in Colombia. Under the agreement, the Company provided working capital to facilitate tin purchases and was entitled to a 70% profit share on sales. However, following the termination of the agreement after year-end, the Company received US$30,675 from Gracor after settling accounts payable related to outsourcing solutions and other suppliers.

Given the nature of the arrangement, all amounts advanced were recognized as expenses in the period incurred, except for $185,416, which was capitalized as a prepayment. This amount represents tin-related purchases that are not yet in a condition for sale but still represents a recoverable amount expected to be used in future operations. The remaining expenditures totaling $220,156 primarily covered operating costs, including logistics and related services were expensed in the statement of income and other comprehensive income. Subsequent to year-end, the agreement with Gracor was terminated.

28. SUBSEQUENT EVENTS

On October 25, 2023, The Company announced that one of its convertible debenture holders, Central America Nickel Inc. ("CAN"), has converted its debentures for a total consideration of $1,175,000. The debentures have been converted in accordance with their terms, into units, each comprised of one common share priced at $0.20 and one warrant, for a total issuance of 5,875,000 common shares and 5,875,000 warrants in the capital of The Company; the warrants have a strike price of $0.25 for a period of 3 years from the date of issuance, until October 20th, 2026.

On March 27, 2025, the Company entered into an Option to Purchase and Promise to Sell Agreement with Concordia Silver Company, S.A. de C.V. ("CSC") for the sale of 100% of the shares of its Mexican subsidiary, Auxico Resources, S.A. de C.V. ("Auxico Mexico"), for total consideration of US $666,666. Under the terms of the agreement, CSC will assume all liabilities of Auxico Mexico. An initial payment of US $222,222 is to be made upon execution of a definitive share purchase agreement, following completion of a 60-day due diligence period. The remaining balance of US $444,444 will become payable upon the full reinstatement of the Mineral de Zamora mining concession in favor of Auxico Mexico.