AUXICO RESOURCES CANADA INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS

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Condensed Interim Consolidated Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the interim periods ended June 30, 2023 and 2022 have been prepared in accordance with international accounting standards for interim financial reporting under IAS 34. The accompanying unaudited condensed interim consolidated financial statements are the responsibility of the Company's management.

The Company's independent auditors, BDO, Chartered Accountants, have not performed a review of these interim financial statements in accordance with the standards established for a review of condensed interim financial statements by an entity's auditor.

August 29, 2023

/s/ Pierre Gauthier
President & CEO

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

As at,	**June 30, 2023**	September 30, 2022 *(Audited)*
	$	$
ASSETS		
Current assets		
Cash	**65,087**	2,115,889
Receivables (notes 6 & 21)	**153,903**	676,939
Promissory notes (note 7)	**-**	200,000
Prepaid and deposits (note 8)	**326,152**	185,526
Advances to directors (note 21)	**3,098**	3,098
Advance to companies controlled by a director (note 21)	**-**	364,464
	548,240	3,545,916
Non-current assets		
Equipment (note 10)	**52,550**	81,662
Prepaid and deposits (note 8)	**500,000**	500,000
Other assets (note 9)	**684,120**	680,019
Exclusive sales agency distribution agreement (note 11)	**280,575**	561,150
Conversion right (note 11)	**662,000**	693,000
TOTAL ASSETS	**2,727,485**	6,061,747
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**1,414,412**	1,977,326
Due to companies owned by a director	**148,857**	-
Farm-out agreement debt (note 12)	**779,600**	798,280
Finder's fees payable (note 13)	**45,676**	218,724
Convertible debentures (note 14)	**6,274,651**	20,639,170
	8,663,196	23,633,500
Non-current liabilities		
Convertible debentures (note 14)	**-**	12,716,048
Total Liabilities	**8,663,196**	36,349,548
SHAREHOLDERS' DEFICIENCY		
Issued capital	**39,863,768**	29,947,709
Deficit	**(45,800,570)**	(60,236,601)
Equity attributable to non-controlling interests	**1,091**	1,091
Total equity (deficiency)	**(5,935,711)**	(30,287,801)
TOTAL LIABILITIES & EQUITY	**2,727,485**	6,061,747

Going Concern (note 2), Commitments (note 25) and subsequent events (note 27)

Approved on behalf of the Board:

Pierre Gauthier, Director

Mark Billings, Director

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

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars, other than share numbers)

	Three-month periods ended June 30		Nine-month periods ended June 30	
	2023	2022	**2023**	2022
		(Restated note 26)		*(Restated note 26)*
	$	$	**$**	$
Sales commissions	**-**	82,000	**264,091**	82,000
Selling and administrative expenses (note 22)	**850,067**	4,403,070	**3,468,918**	7,501,232
Loss before finance income, finance costs and income taxes	**(850,067)**	(4,321,070)	**(3,204,827)**	(7,419,232)
Finance income	**-**	5,056	**4,822**	7,286
Finance earnings (costs) (note 23)	**(599,683)**	(488,825)	**(1,853,239)**	(1,083,792)
Gain on debentures conversion	**-**	-	**51,269**	-
Gain on debentures extension	**-**	-	**67,179**	-
Fair value adjustment of the embedded derivatives (note 14)	**(687,176)**	(3,874,616)	**19,370,827**	42,606,031
Net finance earnings (losses)	**(1,286,859)**	(4,358,385)	**17,640,858**	41,529,525
Net income (loss) and comprehensive income (loss)	**(2,136,926)**	(8,679,455)	**14,436,031**	34,110,293
Net income (loss)and comprehensive income (loss) attributable to:				
Shareholders	**(2,136,926)**	(8,680,952)	**14,436,031**	34,108,796
Non-controlling interest	**-**	1,497	**-**	1,497
	(2,136,926)	(8,679,455)	**14,436,031**	34,110,293
Income (loss) per share to equity holders of Auxico Resources Canada Inc.				
Basic	**(0.03)**	(0.12)	**0.19**	0.50
Diluted (note 16)	**(0.02)**	(0.13)	**0.17**	0.50
Weighted average number of shares outstanding				
Basic	**80,695,613**	70,944,066	**76,715,646**	68,031,735
Diluted (note 16)	**90,808,208**	69,173,995	**82,917,516**	67,814,543

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

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars, other than share numbers)

	TOTAL EQUITY (DEFICIENCY) ATTRIBUTABLE TO SHAREHOLDRES							
	SHARE CAPITAL (Note 15) #	SHARE CAPITAL (Note 15) $	WARRANTS (Note 15) $	CONTRIBUTED SURPLUS $	EQUITY COMPONENT OF THE CONVERTIBLE DEBENTURES $	DEFICIT $	TOTAL EQUITY (DEFICIENCY) $	NON CONTROL INTEREST $
Balance, as at September 30, 2021 (Restated & audited)	**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	-
Conversion of debentures	515,410	1,567,564	187,211	-	-	-	1,754,775	-
Warrants issued	-	-	769,200	-	-	-	769,200	-
Stock-options exercised	1,300,000	555,719	-	(230,718)	-	-	325,001	-
Warrants exercised	794,109	442,610	(279,494)	-	-	-	163,116	-
Issuance costs - private placement	-	(304,329)	(136,274)	-	-	-	(440,603)	-
Equity component	-	-	-	-	117,949	-	117,949	-
Share-based compensation	-	-	-	2,422,285	-	-	2,422,285	-
Net income and comprehensive income	-	-	-	-	-	34,108,796	34,108,796	1,497
Balance, as at June 30, 2022 (Restated note 26)	**71,162,295**	**20,976,352**	**4,251,199**	**4,430,568**	**117,949**	**(61,215,547)**	**(31,439,479)**	**2,584**
Balance, as at September 30, 2022 (Audited)	**71,590,196**	**21,147,407**	**4,155,183**	**4,527,170**	**117,949**	**(60,236,601)**	**(30,288,892)**	**1,091**
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	-	-	-	340,695	-	-	340,695	-
Net income and comprehensive income	-	-	-	-	-	14,436,031	14,436,031	-
Balance, as at June 30, 2023	**92,390,191**	**27,230,344**	**7,694,911**	**4,820,564**	**117,949**	**(45,800,570)**	**(5,936,802)**	**1,091**

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

AUXICO RESOURCES CANADA INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars, other than share numbers)

For the nine-month period ended,	**June 30, 2023**	June 30, 2022 *(Restated note 26)*
	$	$
Cash used in operating activities		
Net income (loss)	**14,436,031**	34,110,293
Depreciation	**29,112**	25,085
Share-based compensation	**340,695**	2,422,285
Bad debts	**-**	37,479
Amortization of exclusive sales agency distribution agreement	**280,575**	93,525
Write-off of sales tax receivable	**-**	7,204
Unrealized foreign exchange gain	**12,320**	(10,840)
Consulting fees paid with warrants	**-**	769,200
Accreted interest	**1,517,768**	746,802
Gain on debentures conversion	**(51,269)**	-
Gain on debentures extension	**(67,179)**	-
Fair value adjustment of the conversion option	**(19,370,827)**	(42,606,031)
Net changes in non-cash working capital items (note 20)	**(180,504)**	127,411
	(3,053,278)	(4,277,587)
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**	(404,764)
Promissory notes to third party	**200,000**	(200,000)
Other assets (note 9)	**(4,101)**	-
Acquisition of equipment	**-**	(116,450)
	560,363	(1,968,214)
Cash flows from financing activities		
Due to directors	**-**	(3,883)
Due to companies controlled by a director	**148,857**	(12,733)
Finder's fees payable	**(141,241)**	(168,741)
Exercise of warrants	**373,972**	163,116
Exercise of options	**60,525**	325,000
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
	442,113	7,155,883
(Decrease)/Increase in cash	**(2,050,802)**	910,082
Cash beginning of the period	**2,115,889**	2,563,533
Cash end of the period	**65,087**	3,473,615

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 11, 2022 and Minera Auxico Bolivia S.A., incorporated under the laws of Bolivia on December 8, 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, the Democratic Republic of the Congo ("DRC") 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 nine-month period ended June 30, 2023, the Company did generate revenues of $264,091 (June 30, 2022 - $82,000) from its operations and recognized a net income and comprehensive income of $14,436,031 (June 30, 2022 – $34,110,293). The Company has a deficiency attributable to shareholders of $5,936,802 as at June 30, 2023 (September 30, 2022 – $30,288,892). As of June 30, 2023, Auxico had negative working capital of $8,414,956, compared to $20,087,584 at September 30, 2022.

Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities. In that regard, the Company has entered an agreement in the Democratic Republic of the Congo ("DRC") for the supply of tantalite. The Company has also entered into agreements with Brazilian suppliers to purchase a quantity of columbite. In addition, 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 interim 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 interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), considering the accounting policies adopted by the Company for its audited consolidated financial statements for the year ended September 30, 2022.

The accounting policies have been applied consistently for all the periods presented. They do not include all the information required by the IFRS for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2022. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim consolidated financial statements. Operating results for the nine-month period ended June 30, 2023 may not be indicative of the results that may be expected for the year ending September 30, 2023.

These interim consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on August 29, 2023.

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: derivative liabilities and 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 at June 30, 2023, are:

	2023	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%**	-

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

(Unaudited, expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

Readers should refer to the September 30, 2022 annual audited consolidated financial statements for the accounting policies used in the preparation of these interim consolidated financial statements. The IASB (International Accounting Standards Board) continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual consolidated financial statements will be determined as at September 30, 2023. In the event that accounting policies adopted at September 30, 2023 differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements will be restated to retrospectively account for the application of those policies adopted at September 30, 2023.

See annual audited consolidated financial statements for the year ended September 30, 2022 for a list of accounting policies considered significant by management.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Future accounting changes

Information on new standards, amendments and interpretations that are expected to be relevant to these interim consolidated financial statements is provided in the Company's annual consolidated financial statements for the year ended September 30, 2022. Certain other amendments and interpretations have been issued but had no material impact on the Company's interim consolidated financial statements ended June 30, 2023.

See annual audited consolidated financial statements for the years ended September 30, 2022 for a list of accounting pronouncements.

6. RECEIVABLES

As at,	**June 30, 2023** **$**	September 30, 2022 $
Trade accounts receivable	**-**	515,145
Sales tax receivable	**140,640**	86,853
Other receivables	**13,263**	74,941
	153,903	676,939

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 June 30, 2023, the promissory notes were paid by the third-party with interest.

(Unaudited, expressed in Canadian Dollars)

8. PREPAID EXPENSES

As at,	**June 30, 2023** $	September 30, 2022 $
Prepaid to related company (a)	**500,000**	500,000
Other prepaid expenses	**326,152**	185,526
	826,152	685,526
Current portion	**326,152**	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,	**June 30, 2023** $	September 30, 2022 $
Deposit on Minastyc property (a)	**239,476**	235,375
Deposit on Agualinda property (b)	**444,644**	444,644
	684,120	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 June 30, 2023, the Company paid a total deposit of $239,476 ($235,275 as of September 30, 2021). However, the transfer of property of the land has not been completed at the date of these interim consolidated financial statements. The Company has made a payment of US$3,000 ($4,101) during the quarter ended March 31, 2023.

(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, 2022, the Company has made an initial payment of US$41,100 (or $53,000) and a payment of US$7,000 (or $7,848), for taxes and legal fees. The succession documents were completed therefore the amount of $US280,000 (or $383,796) is payable as of June 30, 2023 and was recorded accordingly. In addition, the Company has committed to pay a yearly fee in the amount of US$100,000 for a period of three years following the beginning of production.

(Unaudited, expressed in Canadian Dollars)

10. EQUIPMENT

	$
Equipment - at cost:	
As at October 1, 2022	116,451
Additions during the period	-
As at June 30, 2023	**116,451**
Depreciation:	
As at October 1, 2022	34,789
Depreciation during the period	29,112
As at June 30, 2023	**63,901**
Net carrying amount as at June 30, 2023	**52,550**

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 nine-month period ended June 30, 2023 were $264,091 (June 30, 2022 - $Nil). 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 June 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 June 30, 2023 was $280.575 (September 30, 2022 - $561,150). The amortization for the period ended June 30, 2023 was $280,575 (September 30, 2022 - $187,050).

	$
Intangible asset - at cost:	
As at October 1, 2022	748,200
Acquisition	-
As at June 30, 2023	**748,200**
Amortization:	
As at October 1, 2022	187,050
Amortization	280,575
As at June 30, 2023	**467,625**
Net carrying amount as at September 30, 2022	561,150
Net carrying amount as at June 30, 2023	**280,575**

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 June 30, 2023 the fair value of the conversion was $662,000 (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 nine-month period ended June 30, 2023, which was recorded within selling and administrative expenses as a foreign exchange loss.

(Unaudited, expressed in Canadian Dollars)

12. FARMOUT AGRREMENT 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 June 30, 2023 was $779,600 (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 will be transferred 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,	**June 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.	**45,676**	218,724

14. CONVERTIBLE DEBENTURES

Transactions – three-month period ended December 31, 2022

For the three-month period ended December 31, 2022 no convertible debentures were issued.

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 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).

Transactions – three-month period ended March 31, 2023

For the three-month period ended March 31, 2023 no convertible debentures were issued.

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).

During the period, the company asked for a 6-month extension of the initial 3,9M$ 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.

Transactions – three-month period ended June 30, 2023

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).

Transactions – three-month period ended December 31, 2021

For the three-month period ended December 31, 2021 no transactions occurred.

Transactions – three-month period ended March 31, 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 carry an interest rate of 10%, payable monthly, with a maturity date of September 7, 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.

For the three-month period ended March 31, 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).

Transactions – three-month period ended June 30, 2022

For the three-month period ended June 30, 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).

(Unaudited, expressed in Canadian Dollars)

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.

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 interim consolidated financial statements, the Company reviewed the estimated fair value of the conversion options and adjusted the initial fair value to $4,102,849 (September 30, 2022 - $28,119,197) using the same valuation technique. For the nine-month period ended June 30, 2023, the change in fair value of derivatives resulted in a total decrease of expense of $20,058,003 (September 30, 2022 decrease of $47,359,702) and was recorded in the consolidated statements of loss and comprehensive loss. As at June 30, 2023, the debentures have a nominal value of $6,425,000 (September 30, 2022 - $7,500,000). 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)	478,247	-	478,247
Conversion into units of the Company	(153,758)	(1,933,521)	(2,087,279)
Change in fair value of the derivative	-	(11,435,560)	(11,435,560)
Balance as at December 31, 2022	5,560,510	14,750,116	20,310,626
Accretion (a)	495,238	-	495,238
Gain on modification of instrument	(67,179)	-	(67,179)
Conversion into units of the Company	(446,751)	(2,024,824)	(2,471,575)
Change in fair value of the derivative	-	(8,622,443)	(8,622,443)
Balance as at March 31, 2023	5,541,818	4,102,849	9,644,667
Accretion (a)	472,137	-	472,137
Conversion into units of the Company	(1,095,916)	(3,433,413)	(4,529,329)
Change in fair value of the derivative	-	687,176	687,176
Balance as at June 30, 2023	**4,918,039**	**1,356,612**	**6,274,651**
Current potion	4,918,039	1,356,612	6,274,651
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 June 30, 2023, there were 92,390,191 (71,590,196 as at September 30, 2022) issued and fully paid common shares.

Issuances through conversion of debentures

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, 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

During the period, the Company issued 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.

During the period, the Company issued 2,493,150 common shares of the capital of the Company following the exercise of 2,493,150 warrants in exchange for $373,973. The warrants exercised had an exercise price of $0.15. Following the exercise of those warrants, $454,717 was reclassified from warrants reserve to share capital

(Unaudited, expressed in Canadian Dollars)

Warrants

Issuance through conversion of debentures

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.

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%

(Unaudited, expressed in Canadian Dollars)

Changes in the number of warrants outstanding for the period 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	2,584,382	0.15
Exercised	(200,000)	0.40
Balance - December 31, 2022	13,014,205	0.71
Issued	4,125,000	0.25
Balance - March 31, 2023	17,139,205	0.60
Issued	11,442,463	0.15
Exercised	(2,293,150)	0.15
Balance - June 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	0.6	February 2024
$0.15	400,000	1.0	June 2024
$0.25	1,650,000	1.1	August 2024
$0.15	500,000	1.2	August 2024
$1.50	818,080	1.6	January 2025
$0.90	158,355	1.7	March 2025
$1.20	1,031,388	1.7	March 2025
$0.90	1,000,000	2.0	June 2025
$0.15	1,031,506	2.3	October 2025
$0.15	1,352,876	2.3	November 2025
$0.25	4,125,000	2.7	February 2026
$0.15	9,349,313	2.9	June 2026

(Unaudited, expressed in Canadian Dollars)

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.

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.

During the nine-month period ended June 30, 2023, the issuance of stock options resulted in a recognition of an expense by the Company of $340,695 (June 30, 2022 - $759,184).

Changes in the number of options outstanding for the period 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	750,000	0.42
Issued	300,000	0.45
Exercised	(150,000)	0.40
Exercised	(5,000)	0.105
Expired	(150,000)	0.40
Cancelled	(100,000)	0.79
Cancelled	(200,000)	0.85
Balance - December 31, 2022	7,380,000	0.75
Expired	(200,000)	0.85
Expired	(1,000,000)	1.00
Balance - March 31, 2023	6,180,000	0.71
No transactions	-	-
Balance - June 30, 2023	**6,180,000**	**0.71**

(Unaudited, expressed in Canadian Dollars)

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	100,000	0.1	August 2023
$0,25	300,000	0.7	March 2024
$0,105	245,000	2.2	September 2025
$0,45	900,000	2.7	March 2026
$0,79	575,000	3.1	July 2026
$1,26	510,000	3.2	September 2026
$1,39	450,000	3.4	November 2026
$0,85	2,050,000	3.8	April 2027
$0,42	750,000	4.4	November 2027
$0,45	300,000	4.5	December 2027

16. INCOME (LOSS) PER SHARE

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

	June 30, 2023 3 months	**June 30, 2023 9 months**	June 30, 2022 3 months	June 30, 2022 9 months
Weighted average number of common shares – basic	**80,695,613**	**76,715,646**	67,645,174	66,575,570
Addition to reflect the dilutive effect of stock options	**264,936**	**(124,741)**	149,038	988,608
Addition to reflect the dilutive effect of warrants	**9,847,658**	**6,326,611**	1,379,782	250,365
Weighted average number of common shares - diluted	**90,808,208**	**82,917,516**	69,173,995	67,814,543

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 nine-month period ended June 30, 2023, 4,785,000 options (June 30, 2022 – 3,210,000) and 7,879,823 warrants (June 30, 2022 – 818,080) 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.

(Unaudited, 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 and the capital assets identifiable with these geographic areas are as follows:

	For the period ended,		
	June 30, 2023	September 30, 2022	September 30, 2021 (Restated)
	$	$	$
Canada	**1,822,916**	5,334,801	3,357,422
Mexico	**3,981**	10,537	25,192
Columbia	**867,763**	683,117	227,938
Bolivia	**13,240**	13,707	-
Brazil	**19,585**	19,585	1,384,625
Total assets	**2,727,485**	6,061,747	4,995,177
Canada	**8,405,908**	36,130,288	79,386,721
Mexico	**232,805**	204,517	50,594
Columbia	**720**	696	501
Bolivia	**23,763**	14,047	-
Total liabilities	**8,663,196**	36,349,548	79,437,816
Canada	**2,629,333**	(22,237,681)	(70,995,630)
Mexico	**(2,511,703)**	(2,476,859)	(1,993,468)
Columbia	**(2,382,330)**	(2,055,961)	(845,548)
Bolivia	**(282,636)**	(239,565)	(36,824)
DRC	**(35,758)**	(35,758)	(28,030)
Brazil	**(3,352,617)**	(3,241,977)	(543,139)
Total deficiency	**(5,935,711)**	(30,287,801)	(74,442,639)
Canada	**14,950,955**	39,690,857	(81,745,914)
Mexico	**(34,844)**	(483,391)	(312,954)
Columbia	**(326,369)**	(1,210,413)	(813,255)
Bolivia	**(43,071)**	(202,741)	(36,824)
DRC	**-**	(7,728)	(28,030)
Brazil	**(110,640)**	(2,698,838)	(543,139)
Net income (loss) and comprehensive income (loss)	**14,436,031**	35,087,746	(83,480,116)

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 periods.

(Unaudited, expressed in Canadian Dollars)

The Company's capital items are the following:

For the years ended,	**June 30, 2023** **$**	September 30, 2022 $
Convertible debentures (note 16)	**6,274,651**	33,355,218
Share capital (note 17)	**27,230,344**	21,147,407

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

As at June 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	**June 30, 2023** **$**	September 30, 2022 $
Cash	**65,087**	2,115,889
Receivables, excluding sales tax	**13,263**	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	**1,414,412**	1,977,326
Due to a company with common directors	**148,857**	-
Farm-out agreement debt	**779,600**	798,280
Finder's fees payable	**45,676**	218,724
Convertible debentures – host component	**4,918,039**	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	**June 30, 2023** **$**	September 30, 2022 $
Conversion right (level 3)	**662,000**	693,000
Convertible debentures -Embedded derivative (level 3)	**1,356,612**	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, in Mexican Pesos and in Pound Sterling. 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 and Mexican Pesos, translated into Canadian dollars at the closing rate, which expose the Company to exchange risk are:

As at,	**June 30, 2023** **$**	September 30, 2022 $
Cash (United States)	**23,337**	121,293
Cash (Mexico)	**-**	7,233
Receivables (United States)	**-**	515,145
Account payables and accruals (United States)	**(593,954)**	(1,257,362)
Account payables and accruals (Mexico)	**(227,435)**	(199,800)
Net exposure	**(798,052)**	(813,491)

A 10% change in the exchange rate would result in a variation estimated at $79,805 (September 30, 2022 - $81,349).

(Unaudited, 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 June 30, 2023, the Company has a negative working capital of $8,414,956 (September 30, 2022 – $20,087,584).

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

June 30, 2023	**Less than 1 year**	**1 to 5 years**	**> 5 years**
	$	**$**	**$**
Accounts payable and accruals	1,414,412	-	-
Finder's fees payable	45,676	-	-
Due to a company with common directors	148,857		-
Farm-out agreement debt	779,600	-	-
Convertible debentures – Host component	4,918,039	-	-
Convertible debentures – Embedded derivative	1,356,612	-	-

(Unaudited, expressed in Canadian Dollars)

20. SUPPLEMENTAL CASHFLOW INFORMATION

Changes in non-cash working capital items:

	June 30, 2023	June 30, 2022
	$	$
Receivable	**523,036**	(145,015)
Subscription receivable	**-**	11,675
Prepaid expenses	**(140,626)**	(217,657)
Accounts payable and accruals		478,281
Income tax payable	**(562,914)**	127
	(180,504)	127,411

21. RELATED PARTY TRANSACTIONS

The Company's related parties include an entity with significant influence, companies controlled by a director as well as key management personnel and directors. Unless otherwise stated, none of the transactions incorporates 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. Transactions with related parties for the period ended June 30, 2023 were as follows:

For the three-month periods,	**June 30, 2023**	June 30, 2022
	$	$
Management fees		
Company controlled by a director	**86,429**	60,000
Key management personnel and director	**30,000**	30,000
Share-based compensation		
Key management personnel and director	**-**	1,324,575
Rent		
Company controlled by a director	**15,000**	9,000
Consulting fees		
Key management personnel and director	**19,500**	12,000
Interest on private placement		
Key management personnel and directors	**2,192**	-

For the nine-month periods,	**June 30, 2023**	June 30, 2022
	$	$
Management fees		
Company controlled by a director	**236,429**	180,000
Key management personnel and director	**90,000**	90,000
Share-based compensation		
Key management personnel and director	**226,425**	1,324,575
Rent		
Company controlled by a director	**45,000**	27,000
Consulting fees		
Key management personnel and director	**78,047**	36,899
Interest on private placement		
Key management personnel and directors	**9,315**	-

(Unaudited, expressed in Canadian Dollars)

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	**June 30, 2023**	**3,323**	**-**
	September 30, 2022	3,098	-
Company with common directors	**June 30, 2023**	**-**	**148,857**
	September 30, 2022	879,609	-
Companies controlled by a director	**June 30, 2023**	**-**	**40,889**
	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.

22. SELLING AND ADMINISTRATIVE EXPENSES

	Three-month periods ended June 30		Nine-month periods ended June 30	
	2023	2022	**2023**	2022
	$	**$**	$	$
Professional fees	**370,053**	1,117,776	**1,293,078**	1,968,855
Exploration and evaluation expenditures (note 24)	**87,580**	1,165,704	**516,808**	2,092,260
Share-based compensation (note 15)	**-**	1,663,101	**340,695**	2,422,285
Legal fees	**94,448**	100,940	**334,821**	201,976
Management fees	**116,429**	90,000	**326,429**	270,000
Amortization exclusive sales agency distribution agreement	**93,525**	93,525	**280,575**	93,525
Travel expenses	**2,325**	80,835	**118,076**	173,157
Advertising	**7,000**	23,921	**90,213**	47,048
Public listing fees	**34,263**	26,298	**97,734**	71,860
Office expenses	**10,402**	3,753	**47,313**	9,438
Loss (gain) on foreign exchange	**9,310**	9,894	**43,637**	10,637
Rent	**15,000**	9,000	**45,000**	27,000
Depreciation	**9,704**	9,705	**29,112**	25,085
Write-off of sales tax receivable	**28**	7,738	**1,019**	40,727
Kibara Minerals' advance reimbursement	**-**	-	**(95,592)**	-
Bad debt	**-**	-	**-**	37,479
Other expenses	**-**	880	**-**	9,900
Total selling and administrative expenses	**850,067**	4,403,070	**3,468,918**	7,501,232

(Unaudited, expressed in Canadian Dollars)

23. FINANCE COSTS

	Three-month periods ended June 30		**Nine-month periods ended June 30**	
	2023	2022	**2023**	2022
	$	**$**	$	$
Accreted interest	**475,338**	355,363	**1,465,083**	815,240
Interest on convertible debentures	**120,890**	128,429	**372,342**	255,032
Interest and bank fees	**3,455**	5,033	**15,814**	13,520
Total finance costs	**599,683**	488,825	**1,853,239**	1,083,792

24. 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	211,904	-	211,904
Balance at December 31, 2022	5,508,517	734,125	6,242,642
Expenditures for the period	217,324	-	217,324
Balance at March 31, 2023	5,725,841	734,125	6,459,966
Expenditures for the period	87,580	-	87,580
Balance at June 30, 2023	**5,813,421**	**734,125**	**6,547,546**

25. 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.

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.

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). These have been recorded as exploration and evaluation expenditures.

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.

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.

26. RESTATEMENT – JUNE 30, 2022

Convertible debenture

Management of the Company has determined that the methodology used to calculate the fair value of the conversion option of the convertible debentures issued during the September 30, 2020 and September 30, 2021 years (Note 14 of the audited annual financial statements) was inappropriate. The fair values of the embedded derivative liabilities were not adequately determined. Furthermore, the Company recognized a loss at inception by measuring the host component at fair value rather than an allocation of the residual amount of the transaction price.

Following that restatement, the Company has determined that a correction was required, for the comparative period as of June 30, 2022 which resulted in an increase of $13,495,516 ($49,815,198 – September 30, 2021) in the carrying value of the convertible debenture as at June 30, 2022. The correction is a direct result of the restatement in opening balance for $49,815,198 and a decrease to the fair value adjustment on embedded derivatives of $53,450,099 and an increase in accreted interests for $256,516 during the nine-month period ended June 30, 2022.

Farm-out agreement debt

Management of the Company has determined that there was an erroneous extinguishment of a liability related to the Farm-out agreement (note 14). An amount of US$400,000 for the agreed upon cash settlement and the liability to issue the number of common shares that aggregates to a value of $250,000 based on market price of the shares on that date has been reincorporated on the October 1, 2020.

(Unaudited, expressed in Canadian Dollars)

The correction resulted in an increase to the liability of $765,440 (September 30, 2021 - $759,640) at June 30, 2022. The correction is a direct result of the restatement in opening balance for $759,640 and an increase in selling and administrative expenses of $5,800, related to foreign currency translation during the period.

Consolidated Statement of Financial Position as at June 30, 2022

	As restated $	As previously reported $	Restatement $
Farm-out agreement debt	748,800	-	748,800
Convertible debentures	34,282,600	20,787,084	13,495,516
Total Liabilities	36,999,722	21,868,616	15,131,106
Deficiency attributable to shareholders	(52,534,595)	(37,723,806)	(14,810,789)
Issued capital	26,511,649	23,872,335	2,639,314
Total equity (deficiency)	(26,021,859)	(13,850,249)	(12,171,610)

Consolidated statement of Income (Loss) and Comprehensive Income (Loss) for the three-month period ended June 30, 2022

	As restated $	As previously reported $	Restatement $
Selling and administrative expenses	4,403,070	4,042,355	360,715
Loss before finance income, finance costs and income taxes	(4,321,070)	(3,960,355)	(360,715)
Finance earnings (costs)	(488,825)	(356,217)	(132,608)
Fair value adjustment on embedded derivatives	(3,874,616)	2,103,920	(5,978,536)
Net income (loss) and comprehensive income (loss)	(8,679,455)	6,415,436	(15,094,891)
Loss per share (basic)	(0.12)	(0.09)	

Consolidated statement of Income (Loss) and Comprehensive Income (Loss) for the nine-month period ended June 30, 2022

	As restated $	As previously reported $	Restatement $
Selling and administrative expenses	7,501,232	7,021,883	479,349
Loss before finance income, finance costs and income taxes	(7,419,232)	(6,939,883)	(479,349)
Finance earnings (costs)	(1,083,792)	(827,276)	(256,516)
Fair value adjustment on embedded derivatives	42,606,031	10,844,068	31,761,963
Net income (loss) and comprehensive income (loss)	34,110,293	3,084,195	31,026,098
Loss per share (basic)	0.50	0.05	

27. SUBSEQUENT EVENTS

On July 6, 2023 Auxico granted 2,700,000 stock options to directors, officers and consultants of the company. These options have no vesting period, a strike price of $10.30 and expire in 5 years.