



SILVER X MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Unaudited – Prepared by Management)

Expressed in US Dollars

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

SILVER X MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		\$ 613,377	\$ 1,023,979
Trade and other receivables	3	4,399,290	3,893,279
Prepaid expenses and deposits		499,810	224,460
Inventory	4	748,256	1,277,203
		6,260,733	6,418,921
Non-current assets			
Other receivables – non current	3	1,340,615	1,326,009
Right-of-use- assets	7	382,007	599,723
Property and equipment	6	6,962,873	6,582,202
Development property	8	49,308,010	46,931,126
Exploration and evaluation assets	5	4,416,483	4,416,483
		62,409,988	59,855,543
TOTAL ASSETS		\$ 68,670,721	\$ 66,274,464
LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 19,247,044	\$ 14,972,451
Lease obligation	7	263,616	245,920
Debenture	10	1,760,043	1,813,545
		21,270,703	17,031,916
Non-current liabilities			
Long term payables	9	710,046	-
Lease obligation	7	124,427	324,378
Deferred income tax liability		7,989,292	8,609,292
Asset retirement obligation	11	1,968,204	1,941,567
Total liabilities		32,062,672	27,907,153
Shareholders' equity			
Share capital	12	70,828,276	68,671,043
Deficit		(44,926,796)	(40,694,768)
Reserves		10,706,569	10,391,036
Total shareholders' equity		36,608,049	38,367,311
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY		\$ 68,670,721	\$ 66,274,464

Nature of operations and going concern (notes 1 & 2)

Subsequent events (note 18)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON NOVEMBER 28, 2023:

_____"Francis Johnstone"_____
Director _____"Darryl Cardey"_____
Director

See accompanying notes to the condensed consolidated interim financial statements

SILVER X MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	Notes	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
OPERATING REVENUES		\$ 2,089,879	\$ 5,497,311	\$ 11,319,147	\$ 9,989,934
COST OF SALES					
Mining and processing		\$ (2,422,916)	\$ (3,284,002)	\$ (11,429,567)	\$ (9,692,000)
Amortization		(478,461)	(215,656)	(1,505,947)	(473,287)
		(2,901,377)	(3,499,658)	(12,935,514)	(10,165,287)
Operating (loss) income		\$ (811,498)	\$ 1,997,653	\$ (1,616,367)	\$ (175,353)
EXPLORATION EXPENDITURES	5	\$ (82,625)	\$ (23,917)	\$ (234,289)	\$ (203,595)
GENERAL AND ADMINISTRATIVE EXPENSES		\$ (562,434)	\$ (1,327,959)	\$ (2,346,398)	\$ (3,125,873)
(Loss) gain before other items		(1,456,557)	645,777	(4,197,054)	(3,504,821)
OTHER ITEMS					
Finance income		\$ 38	\$ (115)	\$ 5,461	\$ 4,003
Finance cost		(123,826)	(152,407)	(498,085)	(507,752)
Foreign exchange gain (loss)		(766,941)	51,286	(162,350)	103,913
Net (loss) income before tax		(2,347,286)	544,541	(4,852,028)	(3,904,657)
Deferred income tax recovery		\$ 230,000	\$ (359,000)	\$ 620,000	\$ 1,561,000
Net (loss) income		(2,117,286)	185,541	(4,232,028)	(2,343,657)
(Loss) gain on translation of foreign operations		617,667	(1,122,628)	276,514	(589,948)
Total comprehensive loss		\$ (1,499,619)	\$ (937,087)	\$ (3,955,514)	\$ (2,933,605)
(Loss) income per share, basic and diluted		\$ (0.01)	\$ 0.00	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding		165,660,657	141,092,248	160,841,625	130,273,930

See accompanying notes to the condensed consolidated interim financial statements

SILVER X MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in US Dollars)

	Notes	Number of Common shares	Share capital	Other Equity Reserves			Accumulated OCI	Deficit	Total
				Share- based payments	Share purchase warrants	Equity portion of convertible debenture			
Balance, December 31, 2021 (Restated Note 2)		121,969,879	\$ 59,091,280	\$ 5,342,996	\$ 1,715,801	\$ 153,065	\$ 4,208,263	\$ (31,446,815)	\$ 39,064,590
Net loss for the year		-	-	-	-	-	-	(9,247,953)	(9,247,953)
Loss on translation of foreign operations		-	-	-	-	-	(916,875)	-	(916,875)
Private placement, net	12	13,554,441	2,135,082	-	28,658	-	-	-	2,163,740
RSU vesting	12	575,000	317,654	(317,654)	-	-	-	-	-
Options exercised	12	700,000	337,952	(192,936)	-	-	-	-	145,016
Shares for debt	12	1,801,256	290,235	-	-	-	-	-	290,235
Settlement of accrued interest on convertible debenture, net	12	1,240,122	253,703	-	-	-	-	-	253,703
Conversion of debenture	12	17,157,829	6,245,137	-	-	(153,065)	-	-	6,092,072
Share-based payments	12	-	-	522,783	-	-	-	-	522,783
Balance, December 31, 2022		156,998,527	\$ 68,671,043	\$ 5,355,189	\$ 1,744,459	\$ -	\$ 3,291,388	\$ (40,694,768)	\$ 38,367,311
Net loss for the period		-	-	-	-	-	-	(4,232,028)	(4,232,028)
Loss on translation of foreign operations		-	-	-	-	-	276,514	-	276,514
Private placement, net	12	8,600,750	1,866,626	-	13,706	-	-	-	1,880,332
Warrants exercised	12	469,000	147,810	-	(33,001)	-	-	-	114,809
RSU vesting		250,000	47,710	(47,710)	-	-	-	-	-
Options exercised	12	262,500	95,087	(46,573)	-	-	-	-	48,514
Share-based payments	12	-	-	152,597	-	-	-	-	152,597
Balance, September 30, 2023		166,580,777	\$ 70,828,276	\$ 5,413,503	\$ 1,725,164	\$ -	\$ 3,567,902	\$ (44,926,796)	\$ 36,608,049

See accompanying notes to the condensed consolidated interim financial statements

SILVER X MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$	(4,232,028)	\$	(2,343,657)
Items not affecting cash:				
Accretion and interest		117,161		349,602
Amortization		1,505,947		473,287
Deferred income tax recovery		(620,000)		(1,561,000)
Share-based payments		152,597		685,876
		(3,076,323)		(2,395,892)
Changes in non-cash working capital items:				
Other receivables and prepaids		(795,967)		(1,756,718)
Accounts payable and accrued liabilities		4,984,639		1,738,682
Inventory		528,947		(7,386)
Net cash inflow (outflow) from operating activities		1,641,296		(2,421,314)
FINANCING ACTIVITIES				
Proceeds from exercise of warrants	\$	114,809	\$	-
Proceeds from exercise of options		48,514		-
Proceeds (net of share issuance cost) from private placement		1,880,332		-
Lease payments		(237,613)		(233,613)
Net (repayments) proceeds from debenture		(53,502)		49,893
Net cash inflow from financing activities		1,752,540		(183,720)
INVESTING ACTIVITIES				
Development asset	\$	(3,200,133)	\$	(614,663)
Purchase of PP&E		(910,865)		(806,526)
Net cash outflow from investing activities		(4,110,998)		(1,421,189)
FX impact on cash		306,560		413,436
Net change in cash		(410,602)		(3,612,787)
Cash, beginning of period		1,023,979		4,505,888
Cash, end of period	\$	613,377	\$	893,101
Supplemental cash flow information (note 17)				

See accompanying notes to the condensed consolidated interim financial statements

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended September 30, 2023
(Expressed in US Dollars)

1. CORPORATE INFORMATION

Silver X Mining Corp. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on June 4, 2009. The Company is listed on the Toronto Stock Exchange Venture (The "TSXV") under the symbol AGX, the U.S. Over The Counter Market (The "OTCQB") under the symbol AGXPF and the Frankfurt Stock Exchange under the symbol AGX.

The Company's principal business activities are directed towards the exploration and development of mineral properties in the Americas.

The address of the Company's corporate office and principal place of business is Suite 1012 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards ("IFRS")

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

Other than as stated below, these unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of applications as the most recent audited consolidated financial statements of the Company.

The Company's interim results are not necessarily indicative of its results for a full year.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in annual audited financial statements. Certain comparative figures have been reclassified to conform to the current year presentation.

Going Concern and Continuance of Operations

These consolidated interim financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2023, the Company had an accumulated deficit of \$44,926,796 (December 31, 2022 - \$40,694,768) since inception, and the Company's working capital deficit was \$15,009,970 (December 31, 2022 – deficit \$10,612,995). The Company may incur further losses in the development of its business.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary capital either through external financing sources or organically through the ramping up of its production to meet its obligations and repay its liabilities arising from normal business operations when they come due, which in part, depends on prevailing market conditions, commodity prices and operational success. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended September 30, 2023
(Expressed in US Dollars)

2. BASIS OF PREPARATION (continued...)

Basis of Consolidation

The interim consolidated financial statements include the accounts and results of operations of the Company and its wholly owned subsidiaries listed in the following table below.

A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Name of Parent	Place of Incorporation	Functional Currency	September 30, 2023 Ownership	December 31, 2022 Ownership
Silver X Mining Corp.	Canada	CAD	N/A - Parent	N/A - Parent
Name of Subsidiary				
Mines & Metals Trading (Peru) PLC	Isle of Man	USD	100%	100%
Recuperada SAC	Peru	USD	100%	100%
San Antonio Mining Peru SAC	Peru	SOL	100%	100%
Mining Sense Gold Peru SAC	Peru	SOL	100%	100%
Minera Tangana SAC	Peru	SOL	100%	100%
Corongo Exploraciones SAC	Peru	SOL	100%	100%
Western Pacific Resources (U.S.) Corp.	USA	USD	100%	100%
Quilla Canada Mining Corp.	Canada	CAD	100%	100%
Talla Canada Mining Corp.	Canada	CAD	100%	100%
Greengold Canada Mining Corp.	Canada	CAD	100%	100%
Quilla Mining SAC	Peru	SOL	100%	100%
Corporacion Minera Talla SAC	Peru	SOL	100%	100%
Green Gold Resources	Ecuador	USD	100%	100%
Colorado Silver Mines LLC	USA	USD	100%*	N/A

*incorporated on April 19, 2023

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollar, which is the Company's reporting currency. The functional currency of the Company and its subsidiaries are noted in the table above.

2. BASIS OF PREPARATION (continued...)

Significant Accounting policies

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method in accordance with IFRS 3, Business Combinations. The cost of an acquisition is measured as the sum of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Company's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. The excess of: (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree, over the acquisition date fair value of net assets acquired, is recorded as goodwill. Acquisition costs incurred are expensed. Goodwill arising on an acquisition is recognized as an asset and initially measured at cost. Goodwill is not amortized; rather it is tested annually for impairment or at any time during the year that an indicator of impairment is identified.

Revenue recognition

Revenue associated with the sale of commodities is recognized when control of the asset sold is transferred to the customer. Indicators of control transferring include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards and customer acceptance. This generally occurs when the goods are delivered to a loading port, warehouse, vessel or metal account as contractually agreed with the buyer; at which point the buyer controls the goods. The Company's concentrate sales contracts with third-party buyers, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on applicable commodity prices set on specified quotational periods, typically extending up to one month after the shipment arrives at the smelter and is based on average market metal prices. For this purpose, the transaction price can be measured reliably for those commodities such as silver, for which there exists an active and freely traded commodity market such as the London Metals Exchange and the value of product sold by the Company is directly linked to the form in which it is traded on that market.

Revenue on provisionally priced sales is recognized based on estimates of the fair value of the consideration receivable based on forward market prices and estimated quantities. At each reporting date provisionally priced metal is marked to market based on the forward selling price for the quotational period stipulated in the contract. Variations between the price recorded at the date when control is transferred to the buyer and the actual final price set under the smelting contracts are caused by changes in metal prices resulting in the receivable being recorded at fair value through profit or loss ("FVTPL").

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") requires that variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company concluded that the adjustments relating to the final assay results for the quantity and quality of concentrate sold are not significant and do not constrain the recognition of revenue.

2. BASIS OF PREPARATION (continued...)

Inventories

Finished goods ore are valued at the lower of average production cost and net realizable value. Finished goods must be refined offsite to return saleable metals. Net realizable value is the amount estimated to be obtained from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The production cost of inventories is determined on a weighted average basis and includes cost of raw materials, direct labour, mine-site overhead and depreciation and depletion of mine properties and plant and equipment.

Consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost or net realizable value, which includes the cost of purchase as well as transportation and charges to bring them to their existing location and condition.

A write-down of inventory is recognized as an expense in profit or loss in the period the write-down occurs. Reversal of any write-down of inventory, arising from an increase in net realizable value, is recognized in profit or loss as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Property and equipment

This item is presented at acquisition cost, less accumulated depreciation and any accumulated impairment loss, if any. The initial cost of an asset classified in this category includes the purchase price, including import duties and non-refundable purchase taxes and any costs directly attributable to the asset for working conditions and use.

Residual values, useful life and depreciation method of the assets are reviewed and adjusted, if necessary, at the date of each statement of financial position.

When the carrying amount of an asset is greater than its estimated recoverable value, the corresponding loss is recorded. The cost and accumulated depreciation of assets retired or sold are removed from the respective accounts and the resulting gain or loss will affect the results of the year in which it occurs.

Depreciation is calculated using the straight-line method based on the estimated useful lives as follows:

	YEARS
Buildings and facilities	20
Machinery and equipment	7-10
Vehicles	5
Furniture and fixtures	10
Computer equipment	4

2. BASIS OF PREPARATION (continued...)

Mineral Properties

i) Mines under construction and development costs:

When technical feasibility and economic viability of projects have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as mines under construction and classified as a component of mine properties, plant and equipment. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any preproduction revenues. Commercial production is deemed to have occurred when management determines certain production parameters are met. The Company has not completed a technical feasibility study demonstrating economic viability on their Recuperada Project.

ii) Mine properties:

Once a mineral property has been brought into commercial production as intended by management, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depleted over the remaining useful life of the related assets. Mine properties include deferred underground development costs and decommissioning, and restoration costs related to the reclamation of mine properties. Mine properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in profit or loss.

Costs of producing mine properties are depreciated and depleted on the unit-of-production basis using estimated proven and probable reserves. Note that at this time the Company has no proven and probable reserves. Depreciation or depletion is recorded against the mine property only upon the commencement of commercial production.

Exploration expenditures are expensed as incurred at mine properties, unless the nature of the expenditures are to convert mineral resources into mineral reserves or in the absence of a mineral resource estimate, are to define areas to be included in the mine plan. Any amounts deferred in this regard are depreciated based on the unit-of-production method.

Mine properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses and are not intended to represent future values.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

2. BASIS OF PREPARATION (continued...)

Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine or site reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The present value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depleted or depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the asset is included in the cash-generating unit to which it belongs and the recoverable amount of the cash generating unit is estimated. As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit level. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Intangible assets with an indefinite useful life and intangible asset not yet available for use are also tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the asset is impaired such as decreases in metal prices, an increase in operating costs, a decrease in mineable reserves or a change in foreign exchange rates. The Company also considers net book value of the asset, the ongoing costs required to maintain and operate the asset, and the use, value and condition of the asset.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the value-in-use, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Future cash flows used in the determination of value in use are estimated based on expected future production, recoverability of reserves, commodity prices, operating costs, reclamation costs and capital costs. Management estimates of future cash flows are subject to risks and uncertainties. It is reasonably possible that changes in estimates could occur which may affect the recoverable amounts of assets, including the Company's investments in mineral properties.

2. BASIS OF PREPARATION (continued...)

Fair value is determined with reference to discounted estimated future cash flow analysis or on recent transactions involving dispositions of similar properties.

An impairment loss for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is allocated on a pro rata basis to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist or may have decreased. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, however only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

Loss per Share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The weighted average number of common shares outstanding used for the calculation of the diluted per common share amount assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period. In a loss year, potentially dilutive equity instruments are excluded from the loss per share calculation, as the effect would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares in the Company. The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

2. BASIS OF PREPARATION (continued...)

Share-based Payments

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

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

Where equity instruments are granted to directors, officers, employees or others providing similar services, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of goods or services cannot be reliably measured) and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued, and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the grantees on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Financial Instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

Fair value through profit or loss ("FVTPL") - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

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2. BASIS OF PREPARATION (continued...)

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Cash	FVTPL
Receivables arising from sale of concentrates	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. BASIS OF PREPARATION (continued...)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity conducts transactions.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net income (loss) in the period in which they occur.

The results of operations and financial position of a subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in other comprehensive income or loss. On disposition or partial disposition of a foreign operation, the cumulative amount of any respective exchange difference is recognized in profit or loss.

Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for those taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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2. BASIS OF PREPARATION (continued...)

Compound financial instruments

Compound financial instruments issued by the Company comprise of a convertible debenture that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of the similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3. TRADE AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022
Trade receivable	\$ 125,123	\$ 453,122
Supplier advances	1,265,133	1,264,452
Reclamation bond	1,340,615	1,326,009
Tax receivables – Peru (IGV)	2,980,117	2,148,879
Tax receivables – Canada (GST)	28,917	26,826
	\$ 5,739,905	\$ 5,219,288
Non-current	(1,340,615)	(1,326,009)
Current	4,399,290	3,893,279

4. INVENTORY

	September 30, 2023	December 31, 2022
Finished goods inventory	\$ -	\$ 153,801
Concentrate inventory	161,687	262,747
Stockpile inventory	249,951	490,644
Material and supplies	336,618	370,011
Current	\$ 748,256	\$ 1,277,203

The Company has noted no required impairment of concentrate or stockpile inventory, nor any impairment of material and supplies due to these items being obsolete or slow moving.

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5. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the nine months ended September 30, 2023:

	Ecuador Property (a)	Peru Properties (b)	Total
Balance December 31, 2021	\$ 1,162,688	\$ 4,723,660	\$ 5,886,348
Impairment of exploration and evaluation assets	(1,090,003)	-	(1,090,003)
Foreign exchange impact	(72,685)	(307,177)	(379,862)
Balance December 31, 2022 and September 30, 2023	\$ -	\$ 4,416,483	\$ 4,416,483

a) Julian Property, Ecuador

On January 27, 2020, the Company entered into an asset purchase agreement (the “Asset Purchase Agreement”) with Green Oil S.A. (“Green Oil”) with respect to the acquisition by the Company from Green Oil of certain mineral claims located in Ecuador known as the Julian Property. The Julian Property is located in the Province of Azuay in the canton of Oña.

On June 11, 2020, the Company acquired the Julian Property through the issuance of 6,000,000 common shares valued at \$1,042,436, to Green Oil and its nominees. The Company also paid direct transaction costs of \$72,173.

During the year ended December 31, 2022, the Company did not undertake any works on the property. Further evaluation of the available mineral resources data has not led to the commercially viable quantities of mineral resources. As at December 31, 2022, the Company had concluded that the property is impaired resulting in an impairment loss of \$1,090,003.

b) Coriorcco & Las Antas Property, Peru

On October 8, 2020, the Company purchased the option rights to acquire a 100% interest in the Coriorcco property and up to an 85% legal and beneficial interest in the Las Antas property located in Peru. As consideration for the acquisition of the option rights, the Company paid cash of \$1,500,000, issued 7,050,000 common shares and paid a finder’s fee with 629,836 common shares, with an aggregate value of \$2,958,641.

Under the Coriorcco Option Agreement, the Company will have the right to acquire a 100% interest in Coriorcco by making a payment of \$3,000,000 plus general sales tax and granting a production royalty to the underlying concession holder (the “Coriorcco Royalty” of 1% NSR) upon fulfilling the precedent conditions, some of which remain to be met, which include commencement of mining and production payments.

The Coriorcco Royalty can be repurchased for \$1,000,000 (the “Buy-Back Right”) prior to the fifth anniversary of the Coriorcco Option Agreement. Every year following the fifth anniversary of the Coriorcco Option Agreement, the cost of the Buy-Back Right increases by 10%.

Additionally, as part of the agreement, the Company will pay \$190,000 (upon completion of registering the amended agreement with the Peruvian Public Registry, which had not occurred as at December 31, 2022 and will be required to pay up to \$850,000 (in cash or shares at the Company’s option) based on the size of the mineral resource (in the measured and indicated category) that is established on the Coriorcco property in a technical report prepared in accordance with National Instrument 43-101 on the following conditions:

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5. EXPLORATION AND EVALUATION ASSETS (continued...)

b) Coriorcco & Las Antas Property, Peru (continued...)

\$350,000 if a measured and indicated resource of 500,000 to 999,999 ounces of gold is established;
\$450,000 if a measured and indicated resource of 1,000,000 to 1,499,999 ounces of gold is established; or
\$850,000 if a measured and indicated resource in excess of 1,500,000 ounces of gold is established.

The Company was required to commence small scale mining by April 2022 with the option to extend a further twelve months to April 2023 by incurring \$200,000 in exploration expenditures and is currently reviewing its exploration plan aiming to extend the commencement of the small scale mining further in 2023 or early 2024.

The precedent condition to exercise the option in Las Antas property regarding the completion of the \$2,000,000 exploration expenditure has not been met as at September 30, 2023. Management is continuing to assess their options in regards to this project.

c) Lily 19 Claims, Peru

Silver X acquired the Lily 19 claims through an earn in agreement with Barrick Gold Corp. in Q4 2021. Under the terms of the of the agreement, to acquire a 100% interest in the project Silver X must:

- Complete at least 3,000 m of diamond drilling in the concession
- Map and sample the surface
- Maintain the claims in good standing
- Make a one-time payment of \$25,000 (paid)

Within four (4) years of the date of signing, or two (2) years from receiving a drilling permit for the property. Furthermore, Barrick will retain a 2% NSR, of which 1% can be bought back for \$2,000,000.

EXPLORATION EXPENDITURES

	Peru
Geological consulting	5,199
Concession payments	40,212
Other	188,878
For the nine months ended September 30, 2023	234,289
	Peru
Geological consulting	45,045
Concessions payments	135,548
Other	23,002
For the nine months ended September 30, 2022	203,595

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6. PROPERTY AND EQUIPMENT

COST	As at December 31, 2022	Purchases and reclassifications	Foreign exchange impact	As at September 30, 2023
Building and facilities	187,560	140,908	5,213	333,681
Machinery and equipment	1,365,499	551,243	30,418	1,947,160
Vehicles	16,869	-	268	17,137
Furniture and fixtures	44,844	1,702	739	47,284
Other equipment	447,553	38,924	7,720	494,197
Plant	4,011,921	536,121	72,175	4,620,217
Assets under construction	1,067,712	(358,033)	11,262	720,941
	\$ 7,141,958	\$ 910,865	\$ 127,793	\$ 8,180,617

ACCUMULATED DEPRECIATION	As at December 31, 2022	Depreciation	Foreign exchange impact	As at September 30, 2023
Building and facilities	9,412	10,368	314	20,094
Machinery and equipment	271,704	208,764	7,625	488,093
Vehicles	6,964	2,393	148	9,505
Furniture and fixtures	6,521	4,107	169	10,796
Other equipment	63,367	58,493	1,934	123,794
Plant	201,789	354,839	8,833	565,461
	\$ 559,757	\$ 638,964	\$ 19,023	\$ 1,217,744

NET CARRYING VALUE	As at December 31, 2022	As at September 30, 2023
Building and facilities	178,148	313,586
Machinery and equipment	1,093,795	1,459,067
Vehicles	9,905	7,631
Furniture and fixtures	38,323	36,488
Other equipment	384,186	370,403
Plant	3,810,132	4,054,756
Asset under construction	1,067,712	720,941
	\$ 6,582,202	\$ 6,962,873

7. LEASES

The Company's leases relate to equipment leases and office lease in Peru. Depreciation of right-to-use assets is calculated using the straight-line method over the remaining lease term. Right of use assets associated with the Company's lease obligation as at September 30, 2023:

a) Right-of-Use Asset

	September 30, 2023	December 31, 2022
Opening balance	599,723	890,012
Less: depreciation	(217,716)	(290,289)
	\$ 382,007	\$ 599,723

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7. LEASES (continued...)

b) Lease Obligations

	September 30, 2023	December 31, 2022
Opening balance	570,298	778,902
Plus: interest	55,358	102,880
Less: lease payments	(237,613)	(311,484)
	\$ 388,043	\$ 570,298

Discounted lease obligation associated with the Company's lease obligation as at September 30, 2023:

	September 30, 2023	December 31, 2022
Current	263,616	245,920
Long term	124,427	324,378
Total discounted lease obligation	\$ 388,043	\$ 570,298

Undiscounted lease obligation associated with the Company's lease obligation as at September 30, 2023:

	September 30, 2023	December 31, 2022
Within a year	302,056	318,484
Later than a year	142,000	363,185
Total undiscounted lease obligation	\$ 444,056	\$ 681,669

8. DEVELOPMENT PROPERTY

As at December 31, 2021	\$ 45,937,777
ARO adjustments	174,362
Property additions	1,224,311
Depreciation and amortization	(410,822)
Foreign exchange	5,498
As at December 31, 2022	46,931,126
Property additions	3,200,133
Depreciation and amortization	(698,155)
Foreign exchange	(125,094)
As at September 30, 2023	\$ 49,308,010

During the period ended September 30, 2023, the Company incurred \$3,200,133 in further developing the Nueva Recuperada Project.

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Trade payable	11,736,124	9,534,099
Accrued liabilities	8,220,966	5,438,352
	\$ 19,957,090	\$ 14,972,451
Non-current	(710,046)	-
Current	19,247,044	14,972,451

10. DEBENTURES

	September 30, 2023	December 31, 2022
Trafigura Peru S.A.C. (i)	1,308,581	1,363,451
Blanco SAFI S.A.C (ii)	229,374	226,425
Herr - Glass (iii)	214,000	205,168
Other	8,088	18,501
	\$ 1,760,043	\$ 1,813,545

- i) On March 8, 2022, the company signed an amendment with the lender extending the loan to January 2024 and increasing it by \$641,300 to \$1,400,000. Under the new agreement the monthly payments started in June 2022 and will be comprised by 19 installments of \$58,300 each and 1 installment of \$292,300 due on January 2024. As of September 30, 2023, the Company is behind on payments totaling \$203,662. The loan bears an interest of 6.0% + Libor (3M) per annum. The remaining balance relates to a short-term line of credit with the lender. The line of credit bears an interest of 5.5% + Libor.
- ii) The loan bears an interest of 1.5% monthly. The loan matured on December 9, 2022. The Company is under negotiations with the lender to extend the maturity date and agree upon a revised repayment schedule.
- iii) The loan bears an interest of 5% per annum with a private lender, and is due as at December 9, 2022. The Company is under negotiations with the lender to extend the maturity date and agree upon a revised repayment schedule.

11. ASSET RETIREMENT OBLIGATION

As at December 31, 2021	\$ 1,684,801
Accretion	82,404
Foreign exchange and other	174,362
As at December 31, 2022	1,941,567
Accretion	61,803
Foreign exchange and other	(35,166)
As at September 30, 2023	\$ 1,968,204

The Company included a provision for the future cost of remediation of the development property. The carrying balance represents the present value of the remediation cost which are expected to be incurred from 2030 to 2039. The provision has been determined based on a third-party plan commissioned by the Company and approved by the Peruvian Directorate General of Mining Environmental Affairs of the Ministry of Energy and Mines.

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11. ASSET RETIREMENT OBLIGATION (continued...)

The undiscounted provision for environmental rehabilitation is estimated at \$2.6M as at September 30, 2023 (December 31, 2022: \$2.6M), over a period of 9-14 years, and discounted using a risk-free rate of 3% (December 31, 2022: 4%) per annum. The Company has a reclamation bond in place for \$2.8M.

12. SHARE CAPITAL AND RESERVES

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

Current period ended September 30, 2023

- a) On February 3, 2023, 22,500 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.33 for total proceeds of \$5,534.
- b) On March 23, 2023, 75,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.25 for total proceeds of \$13,715.
- c) On April 3, 2023, 21,500 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.33 for total proceeds of \$5,243.
- d) On April 5, 2023, 280,000 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.33 for total proceeds of \$68,663.
- e) On April 10, 2023, 187,500 common shares were issued in relation to the exercise of options with an exercise price of C\$0.25 for total proceeds of \$34,799.
- f) On April 11, 2023, 120,000 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.33 for total proceeds of \$29,275.
- g) On April 21, 2023, 25,000 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.33 for total proceeds of \$6,094.
- h) On June 5, 2023, the Company closed the first tranche of its non-brokered private placement offering with the placement of 4,210,050 units (the "Units") at a price of C\$0.30 per Unit for gross proceeds of \$952,859. Each Unit consists of one common share and one Share purchase warrant entitling the holder to purchase one share of the Company at a price of C\$0.45 per share for a period of 24 months from the date of closing of the Private Placement. Under the first tranche of the Private Placement, the Company paid fees to eligible finders consisting of: (i) \$35,716 in cash; (ii) 78,003 finder warrants (the "Finder Warrants") exercisable into one Common Share at a price of C\$0.30, and (iii) 79,800 Finder Warrant exercisable into one Common Share at a price of C\$0.45. Finder Warrants are exercisable until June 2, 2025.
- i) On June 28, 2023, the Company closed the second tranche of its non-brokered private placement offering with the placement of 3,006,700 units (the "Units") at a price of C\$0.30 per Unit for gross proceeds of \$680,505. Each Unit consists of one common share and one Share purchase warrant entitling the holder to purchase one share of the Company at a price of C\$0.45 per share for a period of 24 months from the date of closing of the Private Placement. Under the second tranche of the Private Placement, the Company paid fees to eligible finders consisting of: (i) \$8,226 in cash and (ii) 21,780 finder warrants (the "Finder Warrants") exercisable into one Common Share at a price of \$0.45, and (iii) 14,562 Finder Warrants exercisable into one Common Share at a price of \$0.30. Finder Warrants are exercisable until June 28, 2025.

12. SHARE CAPITAL AND RESERVES (continued...)

- j) On July 7, 2023, the Company closed the third tranche of its non-brokered private placement offering with the placement of 1,384,000 units (the "Units") at a price of C\$0.30 per Unit for gross proceeds of \$313,240. Each Unit consists of one common share and one Share purchase warrant entitling the holder to purchase one share of the Company at a price of C\$0.45 per share for a period of 24 months from the date of closing of the Private Placement. Under the third tranche of the Private Placement, the Company paid fees to eligible finders consisting of: (i) \$900 and (ii) 3,000 finder warrants (the "Finder Warrants") exercisable into one Common Share at a price of C\$0.45. Finder Warrants are exercisable until July 7, 2025.
- k) On August 9, 2023, 250,000 common shares were issued in relation to the vesting of RSUs.

Twelve months period ended December 31, 2022

- a) On January 27, 2022, the Company issued 780,250 common shares at a price of C\$0.31 for the settlement of \$200,000 of accrued interest (up to December 31, 2021) on the \$4,000,000 Baker Steel convertible debenture resulting in a gain on settlement in the amount of \$14,412. In connection with the settlement of the accrued interest, the Company paid share issue costs of \$13,041 in cash.
- b) On June 8, 2022, the Company issued 459,872 common shares at a price of C\$0.23 for the settlement of \$109,589 of accrued interest (from January 1, 2022 to the settlement date) on the \$4,000,000 Baker Steel convertible debenture resulting in a gain on settlement in the amount of \$28,433.

The Company issued 8,641,183 common shares valued at \$4,117,279 to Baker Steel convertible debenture holders upon conversion. In connection with the early conversion of the debenture, the Company issued additional 8,144,150 common shares at a price of C\$0.33 resulting in a loss on conversion in the amount of \$2,062,122. In addition, the Company agreed to pay a prepayment fee of \$88,767 which was settled by issuing 372,496 common shares at a price of C\$0.23 resulting in a gain on settlement in the amount of \$23,031.

- c) On August 22, 2022, the Company issued 1,801,256 common shares at a price of C\$0.21 for the debt settlement agreement with Maverix Metals Inc. in the amount of \$494,706 less 15% withholding tax payable to Peruvian government resulting in a gain on settlement in the amount of \$130,265.
- d) On October 14, 2022, the Company closed the first tranche of its private placement with the placement of 8,648,254 units of the Company at a price of C\$0.22 per unit for a gross proceed of \$1,459,841.

On October 28, 2022, the Company closed the second and final tranche of the private placement with the placement of an additional 4,906,187 units of the Company at a price of C\$0.22 per unit for additional gross proceeds of \$828,174.

For both tranches, each unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each warrant entitles the holder to purchase one common share in the capital of the Company at a price of C\$0.33 for a period expiring two years following the applicable closing dates of the private placement.

In connection with the private placement, the Company paid finders fees of \$124,275 and issued 372,700 brokers warrants as with the same terms of the unit. The brokers warrants were valued at \$28,658 using the Black-Scholes valuation model with the following weighted average assumptions: expected life of 2 years, expected stock price volatility of 85.07%, dividend yield of 0%, risk free interest rate of 3% and the fair value of common shares at the date of grant of C\$0.25.

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12. SHARE CAPITAL AND RESERVES (continued...)

- e) On November 2, 2022, 250,000 RSU's were cancelled and 575,000 common shares were issued in relation to the vesting of RSUs.
- f) On November 8, 2022, 250,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.27 for total proceeds of \$51,791.
- g) On November 16, 2022, 50,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.27 for total proceeds of \$10,358.
- h) On November 28, 2022, 300,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.27 for total proceeds of \$62,150.
- i) On December 20, 2022, 100,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.27 for total proceeds of \$20,717.

Warrants

The continuity of warrants for the years presented are as follows:

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2021	1,783,756	C\$0.61
Granted	7,149,919	C\$0.33
Expired	(316,848)	C\$0.665
Outstanding warrants, December 31, 2022	8,616,827	C\$0.38
Granted	7,413,895	C\$0.45
Exercised	(469,000)	C\$0.33
Expired	(1,466,908)	C\$0.60
Outstanding warrants, September 30, 2023	14,094,814	C\$0.39

As at September 30, 2023, warrants enabling the holders to acquire common shares are as follows:

Expiry date	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
October 20, 2024	4,548,157	1.06	C\$0.33
October 28, 2024	2,132,762	1.08	C\$0.33
June 2, 2025	4,289,850	1.68	C\$0.45
June 2, 2025	78,003	1.68	C\$0.30
June 28, 2025	3,028,480	1.75	C\$0.45
June 28, 2025	14,562	1.75	C\$0.30
July 7, 2025	3,000	1.77	C\$0.45
	14,094,814	1.40	C\$0.39

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12. SHARE CAPITAL AND RESERVES (continued...)

Options

Option Plan

The Company has a share purchase option plan (“the Plan”), which allows the Company to issue options to directors, officers, employees, and consultants of the Company. The maximum aggregate number of securities reserved for issuance is 10% of the number of common shares issued and outstanding. Options granted under the Plan may have a maximum term of ten years. Vesting restrictions may be imposed at the discretion of the directors.

Share Purchase Options

The continuity of share purchase options for the periods presented is as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2021	9,100,000	C\$ 0.55
Granted	2,300,000	C\$ 0.25
Exercised	(700,000)	C\$ 0.27
Cancelled	(2,175,000)	C\$ 0.53
Outstanding options, December 31, 2022	8,525,000	C\$ 0.50
Granted	250,000	C\$ 0.29
Exercised	(262,500)	C\$ 0.25
Cancelled	(1,087,500)	C\$ 0.58
Outstanding options, September 30, 2023	7,425,000	C\$ 0.49

As at September 30, 2023, options enabling the holders to acquire common shares are as follows:

Expiry date	Number of options	Number of vested options	Weighted average remaining life in years	Weighted average exercise price
June 24, 2025	150,000	150,000	1.74	C\$ 0.27
November 2, 2025	125,000	125,000	2.09	C\$ 0.70
June 21, 2026	3,900,000	3,900,000	2.73	C\$ 0.60
August 23, 2026	1,025,000	1,025,000	2.90	C\$ 0.60
August 9, 2027	1,625,000	1,625,000	3.86	C\$ 0.25
November 4, 2027	350,000	262,500	4.10	C\$ 0.23
June 1, 2028	250,000	75,000	4.67	C\$ 0.29
	7,425,000	7,162,500	3.09	C\$ 0.49

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12. SHARE CAPITAL AND RESERVES (continued...)

Options (continued...)

The Company granted the following stock options to the Company's management, directors and service providers. The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Grant Date	June 1, 2023	November 4, 2022	August 9, 2022	August 21, 2021	June 21, 2021
Number of options granted	250,000	350,000	1,950,000	2,475,000	4,500,000
Vesting provision	12-month	12-month	12-month	12-month	At Grant Date
Expected stock price volatility	143%	187%	187%	230%	234%
Expected life of options	5.0 years	5.0 years	5.0 years	5.0 years	5.0 years
Risk free interest rate	4.26%	5.11%	5.11%	0.82%	0.97%
Expected dividend yield	0%	0%	0%	0%	0%
Exercise price	C\$0.29	C\$0.25	C\$0.25	C\$0.60	C\$0.60
Fair value of the options	\$ 65,340	\$ 88,933	\$ 362,140	\$ 710,150	\$ 2,418,947

For the nine months ended September 30, 2023, the share-based compensation expense related to options was \$84,545 (nine months ended September 30, 2022 – \$495,036).

Subsequent to period end, 250,000 options with exercise price of \$0.25 were cancelled.

Restricted Share Units ("RSU")

The continuity of RSUs for the periods presented is as follows:

	Number of RSUs
Outstanding RSUs, December 31, 2021	875,000
Granted	250,000
Cancelled	(300,000)
Vested	(575,000)
Outstanding RSUs, December 31, 2022	250,000
Granted	70,000
Vested	(250,000)
Outstanding RSUs, September 30, 2023	70,000

For the nine months ended September 30, 2023, share-based compensation expense related to RSUs was \$68,052 (nine months ended September 30, 2022 – \$190,840).

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13. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the nine months ended September 30, 2023, consist of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Mysterybelle Ltd (Director)	Director fees
Altitude Exploraciones (Director, Officer)	Exploration and evaluation expenses
Vihren Management LTD. (Officer)	Compensation expense
Odin Investment SAC	Compensation expense
Srebro Corp. (Director, Officer)	Compensation expense

As at September 30, 2023, the Company had \$438,313 outstanding in accounts payables and accrued liabilities (December 31, 2022 – \$219,833) and \$98,586 outstanding in supplier advances associated with related parties.

i) Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of the Company, and include certain directors and officers. Key management compensation, including amounts discussed above, is comprised of:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Compensation expense	\$ 487,298	\$ 454,384
Consulting fees	15,426	108,408
Directors' fees	91,162	33,101
Share based payment	60,845	320,357
	\$ 654,731	\$ 916,250

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14. SEGMENTED INFORMATION

The Company operates in two reportable operating segments, being the exploration and development and production of mineral properties. For the nine months ended September 30, 2023, the mineral property interests are located in Peru (interests in Ecuador were impaired as at December 31, 2022).

September 30, 2023	Canada – Corporate	Peru	Total
Cash and cash equivalents	206,288	407,089	613,377
Inventory	-	748,256	748,256
Receivables	28,917	4,370,373	4,399,290
Prepaid	499,769	41	499,810
	734,974	5,525,759	6,260,733
Exploration and evaluation assets	-	4,416,483	4,416,483
Development property	-	49,308,010	49,308,010
ROU Assets	-	382,007	382,007
Equipment	-	6,962,873	6,962,873
Receivable – non current	-	1,340,615	1,340,615
Total assets	\$ 734,974	\$ 67,935,747	\$ 68,670,721

December 31, 2022	Canada – Corporate	Peru	Total
Cash and cash equivalents	997,469	26,510	1,023,979
Inventory	-	1,277,203	1,277,203
Receivables	26,826	3,866,453	3,893,279
Prepaid	224,420	40	224,460
	1,248,715	5,170,206	6,418,921
Exploration and evaluation assets	-	4,416,483	4,416,483
Development property	-	46,931,125	46,931,125
ROU Assets	-	599,723	599,723
Equipment	-	6,582,202	6,582,202
Receivable – non current	-	1,326,009	1,326,009
Total assets	\$ 1,248,715	\$ 65,025,748	\$ 66,274,463

	Canada – Corporate	Peru	Total
Net loss – nine months ended September 30, 2023	\$ (2,050,560)	\$ (2,411,468)	\$ (4,462,028)
Net loss – nine months ended September 30, 2022	\$ (1,178,565)	\$ (1,165,092)	\$ (2,343,657)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

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

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company has concentrate contracts to sell concentrates produced. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honour purchase arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. The majority of the Company's concentrate is sold to one concentrate buyer. The Company limits exposure to credit risk by maintaining its cash with large financial institutions and by monitoring the risk associated with its concentrate sales. The Company does not have cash invested in asset-based commercial paper.

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 approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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. The Company is exposed to liquidity risk.

Commodity Price Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued...)

Foreign Currency Risk

The Company's operations in Canada and Peru creates exposure to foreign currency fluctuation. Some of the Company's operating expenditures are incurred in Peruvian SOL or Canadian Dollar, and the fluctuation of foreign currencies with the US dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's financial assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

The Company's financial assets and liabilities in various currencies as at September 30, 2023 are set out in the following table:

September 30, 2023	Canadian Dollar	US Dollar	Peruvian SOL	Total
Cash and cash equivalents	1,579	211,281	400,516	613,377
Receivables	28,917	-	4,370,373	4,399,290
	30,497	211,281	4,770,889	5,012,667
Accounts payables and accruals	(592,752)	-	(18,654,292)	(19,247,044)
Lease	-	-	(388,043)	(388,043)
Debenture	-	-	(1,760,043)	(1,760,043)
Net asset (liabilities)	(562,255)	211,281	(16,031,489)	(16,382,463)

The Company's financial assets and liabilities in various currencies as at December 31, 2022 are set out in the following table:

December 31, 2022	Canadian Dollar	US Dollar	Peruvian SOL	Total
Cash and cash equivalents	642,672	375,193	6,115	1,023,979
Receivables	26,826	-	3,866,453	3,893,279
	669,498	375,193	3,872,568	4,917,258
Accounts payables and accruals	(403,272)	-	(14,569,179)	(14,972,451)
Lease	-	-	(570,298)	(570,298)
Debenture	-	-	(1,813,545)	(1,813,545)
Net asset (liabilities)	266,225	375,193	(13,080,454)	(12,439,036)

The Company's reported results will be affected by fluctuations in the Canadian dollar to US Dollar and Peruvian SOL to US Dollar exchange rate. As at September 30, 2023, a 10% appreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial assets by approximately \$51,000 (December 31, 2022 - \$21,000). A 10% depreciation of the US Dollar relative to the Canadian Dollar would have had the equal but opposite effect. A 10% appreciation of the US Dollar relative to the Peruvian SOL would have decreased net financial assets by approximately \$1,457,000 (December 31, 2022 - \$329,000) and a 10% depreciation of the Peruvian SOL would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued...)

Interest Rate Risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at September 30, 2023, a 1% change in market interest rates would result in no material change in value of the assets or liabilities of the Company.

Other Price Risk

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

Determination of Fair Value

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, receivables, accounts payable and accrued liabilities and due to related parties' approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Valuation techniques for receivables from provisional concentrate sales:

A portion of the Company's trade receivables arose from provisional concentrate sales and are valued using quoted market prices based on the forward London Metal Exchange for gold, copper, zinc and lead and the London Bullion Market Association P.M. fix for silver.

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16. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties and pursue growth opportunities. The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties.

The properties in which the Company currently has an interest in are in exploration, development and production stages; as such, the Company is dependent on external financing to fund its exploration and development activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, investments, common shares, and stock options as capital. There have been no changes to the Company's approach to capital management during the nine months ended September 30, 2023. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

The Company does not expect its current capital resources to be sufficient to cover its operating capital and corporate general and administrative expenditure through the next twelve months and as such, will need to obtain additional capital resources. Actual funding requirements may vary from those previously planned due to a number of factors, including the progress of the Company's business activities and economic condition.

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Shares issued – shares for debt	-	4,893,062

18. SUBSEQUENT EVENTS

Subsequent to period end, 250,000 options with exercise price of \$0.25 were cancelled.

On November 28, 2023, the Company entered into an agreement amending the terms of the original royalty agreement with Maverix Metals Inc., a subsidiary of Triple Flag Precious Metals Corp. ("**Triple Flag**"), to expand the royalty to cover the entire Tangana Mining Unit (the "**Mine**") in the Nueva Recuperada Mining District in Central Peru.

- **Royalty Restructuring:** The prior 3.0% NSR royalty, which covered only a portion of the Mine is replaced by a more comprehensive 3.0% NSR royalty that spans the entire Mine.
- **Purchase Agreement:** Triple Flag paid an aggregate consideration of US\$2,420,000 comprising of US\$1,670,000 of cash and an offset of amounts to be paid under the royalty agreement through the end of 2023. The US \$1,670,000 cash was received on November 28, 2023.
- **Strategic Rights Secured:** Triple Flag has been granted both a Right of First Refusal and a Right of First Offer over future royalty or stream-like financings.