



SILVER X MINING CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30,
2024**

**(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 six months ended June 30, 2024. 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	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 1,091,245	\$ 484,902
Trade and other receivables	3	6,932,958	4,579,155
Prepaid expenses and deposits		383,365	373,896
Inventory	4	629,787	609,791
		9,037,355	6,047,744
Non-current assets			
Other receivables – non current	3	1,315,572	1,325,220
Right-of-use- assets	7	164,290	309,434
Property and equipment	6	6,802,102	7,177,201
Mineral Property	8	37,230,013	37,001,484
		45,511,977	45,813,339
TOTAL ASSETS		\$ 54,549,332	\$ 51,861,083
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 17,502,887	\$ 19,542,996
Lease obligation	7	62,264	202,459
Debenture	10	1,176,125	1,441,777
		18,741,276	21,187,232
Non-current liabilities			
Long term payables	9	1,224,508	717,996
Lease obligation	7	76,634	118,432
Deferred income tax liability		9,776,912	8,912,737
Asset retirement obligation	11	2,311,534	2,217,972
Total liabilities		32,130,864	33,154,369
Shareholders' equity			
Share capital	12	75,395,071	70,828,276
Accumulated deficit		(63,494,137)	(62,090,518)
Reserves		10,517,534	9,968,956
Total shareholders' equity		22,418,468	18,706,714
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY		\$ 54,549,332	\$ 51,861,083

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

Subsequent events (note 17)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 29, 2024:

_____"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 June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
OPERATING REVENUES		\$ 6,242,209	\$ 4,653,328	\$ 11,021,522	\$ 9,229,268
COST OF SALES					
Mining and processing		\$ (4,432,763)	\$ (4,447,663)	\$ (8,051,587)	\$ (9,006,651)
Amortization		(1,262,699)	(599,942)	(2,417,085)	(1,027,486)
		(5,695,462)	(5,047,605)	(10,468,672)	(10,034,137)
Operating income (loss)		\$ 546,747	\$ (394,277)	\$ 552,850	\$ (804,869)
EXPLORATION EXPENDITURES	5	\$ (8,215)	\$ (136,241)	\$ (63,968)	\$ (151,664)
GENERAL AND ADMINISTRATIVE EXPENSES		\$ (1,064,576)	\$ (1,024,473)	\$ (1,808,825)	\$ (1,783,964)
Loss before other items		(526,044)	(1,554,991)	(1,319,943)	(2,740,497)
OTHER ITEMS					
Finance cost, net		\$ (299,554)	(247,729)	\$ (363,502)	\$ (368,836)
Gain on settlement of debt	12	1,132,260	-	1,132,260	-
Foreign exchange gain		74,184	375,107	11,741	604,591
Net income (loss) before tax		380,846	(1,427,613)	(539,444)	(2,504,742)
Deferred income tax recovery (expense)		\$ (545,175)	\$ 183,000	\$ (864,175)	\$ 390,000
Loss for the period		(164,329)	(1,244,613)	(1,403,619)	(2,114,742)
Gain (Loss) on translation of foreign operations		294,614	(257,952)	402,781	(341,153)
Income (loss) and comprehensive income (loss) for the period		\$ 130,285	\$ (1,502,565)	\$ (1,000,838)	\$ (2,455,895)
Loss per share, basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		196,445,545	159,034,536	181,513,161	158,033,261

See accompanying notes to the condensed consolidated interim financial statements.

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

	Notes	Number of Common shares	Share capital	Other Equity Reserves		Accumulated Other Comprehensive Income	Accumulated Deficit	Total
				Share- based payments	Share purchase warrants			
Balance, December 31, 2022 (Restated)		156,998,527	\$ 68,671,043	\$ 5,355,189	\$ 1,744,459	\$ 3,291,388	\$ (49,659,430)	\$ 29,402,649
Net loss for the period		-	-	-	-	-	(2,114,742)	(2,114,742)
Loss on translation of foreign operations		-	-	-	-	(341,153)	-	(341,153)
Private placement, net	12	7,216,750	1,556,029	-	13,706	-	-	1,569,735
Warrants exercised	12	469,000	147,810	-	(33,001)	-	-	114,809
Options exercised	12	262,500	95,087	(46,573)	-	-	-	48,514
Share-based payments	12	-	-	144,537	-	-	-	144,537
Balance, June 30, 2023		164,946,777	\$ 70,469,969	\$ 5,453,153	\$ 1,725,164	\$ 2,950,235	\$ (51,774,172)	\$ 28,824,349
Balance, December 31, 2023		166,580,777	\$ 70,828,276	\$ 5,549,736	\$ 1,725,164	\$ 2,694,056	\$ (62,090,518)	\$ 18,706,714
Net loss for the period		-	-	-	-	-	(1,403,619)	(1,403,619)
Shares issuance for debt, net	12	6,000,000	1,038,180	-	-	-	-	1,038,180
Private Placement, net	12	27,777,776	3,528,615	-	33,641	-	-	3,562,256
Gain on translation of foreign operations		-	-	-	-	402,781	-	402,781
Share-based payments	12	-	-	112,156	-	-	-	112,156
Balance, June 30, 2024		200,358,553	\$ 75,395,071	\$ 5,661,892	\$ 1,758,805	\$ 3,096,837	\$ (63,494,137)	\$ 22,418,468

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 six months ended June 30, 2024	For the six months ended June 30, 2023
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,403,619)	\$ (2,114,742)
Items not affecting cash:		
Accretion and interest	60,894	80,385
Amortization	2,417,085	1,027,486
Deferred income tax recovery	864,175	(390,000)
Gain on settlement of debt	(1,132,260)	-
Share-based payments	112,156	144,537
	918,431	(1,252,334)
Changes in non-cash working capital items:		
Other receivables and prepaids	(2,353,624)	(1,128,718)
Accounts payable and accrued liabilities	647,861	4,626,562
Inventory	(19,996)	354,231
Net cash inflow (outflow) from operating activities	(807,328)	2,599,741
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	3,562,256	1,569,735
Shares issuance cost from settlement of debt	(11,018)	-
Lease payments	(201,685)	(156,742)
Net (repayments) proceeds from debenture	(265,652)	(40,512)
Net cash inflow from financing activities	3,083,901	1,535,804
INVESTING ACTIVITIES		
Mineral asset	\$ (1,601,761)	\$ (2,769,963)
Purchase of PP&E	(974,470)	(721,927)
Net cash outflow from investing activities	(2,576,231)	(3,491,890)
FX impact on cash	906,001	(318,178)
Net change in cash	606,343	325,477
Cash, beginning of year	484,902	1,023,979
Cash, end of period	\$ 1,091,245	\$ 1,349,456

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 six months ended June 30, 2024
(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 mineral production and 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 consolidated interim financial statements (the '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 Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023.

Other than as stated below, these 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 condensed 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's presentation.

Going Concern and Continuance of Operations

These 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 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 June 30, 2024, the Company had an accumulated deficit of \$63,494,137 (December 31, 2023 - \$62,090,518) since inception, and the Company's working capital deficit was \$9,703,921 (December 31, 2023 – deficit \$15,139,488). 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 financing 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 six months ended June 30, 2024
(Expressed in US Dollars)

2. BASIS OF PREPARATION (continued...)

Basis of Consolidation

The 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	June 30, 2024 Ownership	December 31, 2023 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	USD	100%	100%
Mining Sense Gold Peru SAC	Peru	USD	100%	100%
Minera Tangana SAC	Peru	USD	100%	100%
Tangana Mines Peru SAC	Peru	USD	100%*	N/A
Corongo Exploraciones SAC	Peru	USD	100%	100%
Western Pacific Resources (U.S.) Corp.	USA	USD	100%	100%
Quilla Canada Mining Corp.	Canada	USD	100%	100%
Talla Canada Mining Corp.	Canada	USD	100%	100%
Greengold Canada Mining Corp.	Canada	USD	100%	100%
Quilla Mining SAC	Peru	USD	100%	100%
Corporacion Minera Talla SAC	Peru	USD	100%	100%
Green Gold Resources	Ecuador	USD	100%	100%
Colorado Silver Mines LLC	USA	USD	100%	100%

*Incorporated on February 21, 2024

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The 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.

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

2. BASIS OF PREPARATION (continued...)

Change in functional currency.

Effective June 30, 2024, the Company adopted the US dollar as its functional currency for all of its Peruvian entities. Prior to June 30, 2023, the functional currency of the Peruvian companies were the Soles. The Canadian operations are considered self-sustaining with the Canadian dollar as their respective functional currencies. The remaining foreign operations are considered integrated and have the US dollar as their functional currency.

The change in functional currency is due to the increased exposure to the US dollar as a result of the growth in international operations. The adoption of the USD as the functional currency of the Peru operations is the result of the increased exposure to USD transactions.

3. TRADE AND OTHER RECEIVABLES

	June 30, 2024	December 31, 2023
Trade receivable	\$ 666,569	\$ 213,956
Supplier advances	3,011,227	1,264,244
Reclamation bond	1,315,572	1,325,220
Tax receivables – Peru (IGV)	3,240,152	3,097,310
Tax receivables – Canada (GST)	15,010	3,645
	\$ 8,248,530	\$ 5,904,375
Non-current	(1,315,572)	(1,325,220)
Current	6,932,958	4,579,155

4. INVENTORY

	June 30 2024	December 31, 2023
Concentrate inventory	109,421	46,091
Stockpile inventory	197,908	241,514
Material and supplies	322,458	322,186
Current	\$ 629,787	\$ 609,791

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.

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

5. EXPLORATION AND EVALUATION ASSETS

a) Coriorcco & Las Antas Property, Peru

In June 2024, the Company decided not to renew the option on the Coriorcco and Las Antas project, after deciding to concentrate on more prospective exploration projects. The project was fully impaired at December 31, 2023, resulting in an impairment loss of \$4,415,637. During the first half of 2024 the Company has not capitalized any exploration expenditures incurred in Las Antas property.

b) 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

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Geological consulting	\$ 12,234	\$ 5,287
Concession payments	25,286	33,272
Other	26,448	113,105
Peru	\$ 63,968	\$ 151,664

	For the three months ended June 30, 2024	For the three months ended June 30, 2023
Geological consulting	\$ (4,806)	\$ 114
Concessions payments	1,558	23,659
Other	11,463	112,468
Peru	\$ 8,215	\$ 136,241

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

6. PROPERTY AND EQUIPMENT

COST	As at December 31, 2023	Purchases and reclassifications	Foreign exchange impact	As at June 30, 2024
Building and facilities	339,366	75,480	(18,226)	396,621
Machinery and equipment	2,004,676	19,791	(88,943)	1,935,524
Vehicles	17,460	-	(767)	16,693
Furniture and fixtures	48,178	-	(2,117)	46,061
Other equipment	533,935	-	(23,458)	510,477
Plant	5,272,541	854,199	(269,172)	5,857,568
Assets under construction	628,147	25,000	(28,695)	624,452
	\$ 8,844,304	\$ 974,470	\$ (431,378)	\$ 9,387,396

ACCUMULATED DEPRECIATION	As at December 31, 2023	Depreciation	Foreign exchange impact	As at June 30, 2024
Building and facilities	24,404	8,513	(1,446)	31,471
Machinery and equipment	672,141	304,907	(42,926)	934,123
Vehicles	10,511	1,620	(533)	11,598
Furniture and fixtures	12,461	2,866	(673)	14,653
Other equipment	151,336	50,015	(8,846)	192,505
Plant	796,250	669,072	(64,377)	1,400,944
	\$ 1,667,103	\$ 1,036,993	\$ (118,802)	\$ 2,585,294

NET CARRYING VALUE	As at June 30, 2024	As at December 31, 2023
Building and facilities	365,150	314,963
Machinery and equipment	1,001,401	1,332,535
Vehicles	5,096	6,950
Furniture and fixtures	31,408	35,717
Other equipment	317,972	382,599
Plant	4,456,624	4,476,291
Asset under construction	624,452	628,147
	\$ 6,802,102	\$ 7,177,201

The foreign exchange impact is the result of the change in functional currency of Peruvian entities from Soles to USD (Note 2).

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 June 30, 2024:

a) Right-of-Use Asset

	June 30, 2024	December 31, 2023
Opening balance	309,434	599,723
Less: depreciation	(145,144)	(290,289)
	\$ 164,290	\$ 309,434

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

7. LEASES (continued...)

b) Lease Obligations

	June 30, 2024	December 31, 2023
Opening balance	320,891	570,298
Plus: interest	19,692	69,077
Less: lease payments	(201,685)	(318,484)
	\$ 138,898	\$ 320,891

Discounted lease obligation associated with the Company's lease obligation as at June 30, 2024:

	June 30, 2024	December 31, 2023
Current	62,264	202,459
Long term	76,634	118,432
Total discounted lease obligation	\$ 138,898	\$ 320,891

Undiscounted lease obligation associated with the Company's lease obligation as at June 30, 2024:

	June 30, 2024	December 31, 2023
Within a year	79,000	226,728
Later than a year	82,500	116,000
Total undiscounted lease obligation	\$ 161,500	\$ 342,728

8. MINERAL PROPERTY

As at December 31, 2022	36,627,909
ARO adjustments	194,001
Property additions	3,751,632
Royalties received	(2,420,000)
Depreciation and amortization	(937,077)
Foreign exchange	(214,981)
As at December 31, 2023	\$ 37,001,484
Property additions	1,601,761
Depreciation and amortization	(1,402,607)
Foreign exchange	29,375
As at June 30, 2024	\$ 37,230,013

During the period ended June 30, 2024, the Company incurred \$1,601,761 in further developing the Nueva Recuperada Project.

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
Trade payable	7,947,512	11,956,623
Accrued liabilities	10,779,883	8,304,369
	\$ 18,727,395	\$ 20,260,992
Non-current	(1,224,508)	(717,996)
Current	17,502,887	19,542,996

10. DEBENTURES

	June 30, 2024	December 31, 2023
Trafigura Peru S.A.C. (i)	739,090	984,836
Blanco SAFI S.A.C (ii)	216,371	226,811
Herr - Glass (iii)	212,764	213,178
Other	7,900	16,952
	\$ 1,176,125	\$ 1,441,777

- 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. On June 20, 2024, both parties agreed to a new repayment plan for the remaining \$234,000 balance of the loan. The loan balance is payable in seven equal monthly installments starting June to December 2024. 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. As at June 30, 2024, the loan had not been repaid and the Company is still 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. As at June 30, 2024, the loan had not been repaid and the Company is still under negotiations with the lender to extend the maturity date and agree upon a revised repayment schedule.

11. ASSET RETIREMENT OBLIGATION

	Total
As at December 31, 2022	1,941,567
Accretion	82,404
Foreign exchange and other	194,001
As at December 31, 2023	\$ 2,217,972
Accretion	41,202
Foreign exchange and other	52,360
As at June 30, 2024	\$ 2,311,534

SILVER X MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six months ended June 30, 2024
(Expressed in US Dollars)

11. ASSET RETIREMENT OBLIGATION (continued...)

The Company included a provision for the future cost of remediation of the mineral 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.

The undiscounted provision for environmental rehabilitation is estimated at \$2.6M as at June 30, 2024 (December 31, 2023: \$2.6M), over a period of 8-13 years, using an inflation rate of 4% (December 31, 2023 – 4%) and discounted using a risk-free rate of 6.8% (December 31, 2023: 6.8%) 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.

During the year ended June 30, 2024

- a) On April 4, 2024, the Company closed the first tranche of a non-brokered private placement offering (the "Private Placement") with the placement of 6,156,199 units (the "Units") at a price of C\$0.18 per Unit for gross proceeds of \$808,750 (C\$1,108,116). On April 12, 2024, the Company closed the second and final tranche of the Private Placement with the placement of 21,621,577 units at a price of C\$0.18 per Unit for gross proceeds of \$2,840,462 (C\$3,891,884). In total, the Company placed 27,777,776 units for aggregate proceeds of \$3,562,256, net of \$86,956 share issuance cost.

Each Unit consists of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant") with each whole Warrant entitling the holder to purchase one Share of the Company at a price of C\$0.30 per Share for a period of 36 months from the date of closing of the Private Placement (the "Closing Date").

The Company paid fees to eligible finders consisting of (i) \$51,605 (C\$70,111) in cash and (ii) 382,843 finder's warrants (the "Finder's Warrants") exercisable into one Share at a price of C\$0.30. The Finder's Warrants are exercisable for a period of 36 months from the Closing Date.

- b) On April 12, 2024, the Company settled \$2,181,458 of indebtedness through the issuance of 6,000,000 common shares valued at the current market price of C\$0.24 per share. The settlement of debt resulted in a gain of \$1,132,260. The Company incurred \$11,019 of share issuance costs on the settlement.

During the year ended December 31, 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.

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

- 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.
- 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.

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

Warrants

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

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2022	8,616,827	C\$0.38
Granted	8,797,895	C\$0.45
Exercised	(469,000)	C\$0.33
Expired	(1,466,908)	C\$0.60
Outstanding warrants, December 31, 2023	15,478,814	C\$0.40
Granted	14,271,729	C\$0.30
Outstanding warrants, June 30, 2024	29,750,543	C\$0.35

As at June 30, 2024, 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	0.31	C\$0.33
October 28, 2024	2,132,762	0.33	C\$0.33
June 5, 2025	4,289,850	0.93	C\$0.45
June 5, 2025	78,003	0.93	C\$0.30
June 28, 2025	3,028,480	0.99	C\$0.45
June 28, 2025	14,562	0.99	C\$0.30
July 7, 2025	1,387,000	1.02	C\$0.45
April 4, 2027	3,187,654	2.76	C\$0.30
April 12, 2027	11,084,075	2.78	C\$0.30
	29,750,543	1.69	C\$0.35

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.

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

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, 2022	8,525,000	C\$ 0.50
Granted	2,300,000	C\$ 0.27
Exercised	(262,500)	C\$ 0.25
Forfeited	(1,737,500)	C\$ 0.47
Outstanding options, December 31, 2023 and June 30, 2024	8,825,000	C\$ 0.46

As at June 30, 2024, 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	0.98	C\$ 0.27
November 2, 2025	125,000	125,000	1.34	C\$ 0.70
June 21, 2026	3,900,000	3,900,000	1.98	C\$ 0.60
August 23, 2026	1,025,000	1,025,000	2.15	C\$ 0.60
August 9, 2027	1,225,000	1,225,000	3.11	C\$ 0.25
November 4, 2027	350,000	350,000	3.35	C\$ 0.23
November 30, 2026	250,000	125,000	2.42	C\$ 0.27
November 30, 2028	1,800,000	900,000	4.42	C\$ 0.27
	8,825,000	7,800,000	2.69	C\$ 0.46

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	November 30, 2023	June 1, 2023
Number of options granted	2,050,000	250,000
Vesting provision	12-month	12-month
Expected stock price volatility	120%	143%
Expected life of options	5.0 years	5.0 years
Risk free interest rate	3.64%	4.26%
Expected dividend yield	0%	0%
Exercise price	C\$0.265	C\$0.29
Fair value of the options	\$ 319,761	\$ 65,340

For the six months ended June 30, 2024, the share-based compensation expense related to options was \$90,112 (six months ended June 30, 2023 – \$76,485).

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

Options (continued...)

Restricted Share Units (“RSU”)

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

	Number of RSUs
Outstanding RSUs, December 31, 2022	250,000
Granted	295,000
Forfeited	(70,000)
Vested	(250,000)
Outstanding RSUs, December 31, 2023 and June 30, 2024	225,000

For the six months ended June 30, 2024, share-based compensation expense related to RSUs was \$22,044 (six months ended June 30, 2023 – \$68,052).

13. RELATED PARTY TRANSACTIONS

The Company’s related parties with transactions during the six months ended June 30, 2024, 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
Catapult Consulting Corp (Officer)	Compensation expense and professional fees
Serebro Corp. (Director, Officer)	Compensation expense

As at June 30, 2024, the Company had \$277,085 outstanding in accounts payables and accrued liabilities (December 31, 2023 – \$461,384) and \$98,874 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:

	Six months ended June 30, 2024		Six months ended June 30, 2023	
Compensation expense	\$	277,309	\$	402,085
Consulting fees		72,450		15,426
Directors' fees		45,683		70,305
Share based payment		112,156		78,245
	\$	507,599	\$	566,061

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14. SEGMENTED INFORMATION

The Company operates in two reportable operating segments, being the exploration, development and production of mineral properties.

June 30, 2024	Canada – Corporate	Peru	Total
Cash and cash equivalents	901,379	189,866	1,091,245
Inventory	-	629,787	629,787
Receivables	15,010	6,917,948	6,932,958
Prepaid	383,365	-	383,365
	1,299,754	7,737,601	9,037,355
Mineral Property	-	37,230,013	37,230,013
ROU Assets	-	164,290	164,290
Equipment	-	6,802,102	6,802,102
Receivable – non current	-	1,315,572	1,315,572
Total assets	\$ 1,299,754	\$ 53,249,578	\$ 54,549,332

December 31, 2023	Canada – Corporate	Peru	Total
Cash and cash equivalents	430,040	54,862	484,902
Inventory	-	609,791	609,791
Receivables	3,645	4,575,510	4,579,155
Prepaid	373,896	-	373,896
	807,581	5,240,163	6,047,744
Development property	-	37,001,484	37,001,484
ROU Assets	-	309,434	309,434
Equipment	-	7,177,201	7,177,201
Receivable – non current	-	1,325,220	1,325,220
Total assets	\$ 807,581	\$ 51,053,502	\$ 51,861,083

	Canada – Corporate	Peru	Total
Net loss – six months ended June 30, 2024	\$ (1,552,368)	\$ 148,749	\$ (1,403,619)
Net loss – six months ended June 30, 2023	\$ (1,488,099)	\$ (666,643)	\$ (2,114,742)

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 the 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 June 30, 2024, are set out in the following table:

June 30, 2024	Canadian Dollar	US Dollar	Peruvian SOL	Total (USD)
Cash and cash equivalents	1,600	978,259	111,386	1,091,245
Receivables	15,010	6,500,974	416,974	6,932,958
	16,610	7,479,232	528,361	8,024,203
Accounts payables and accruals	(565,087)	(10,738,227)	(6,199,573)	(17,502,887)
Lease	-	(138,898)	-	(138,898)
Debenture	-	(1,176,125)	-	(1,176,125)
Net asset (liabilities)	(548,477)	(4,574,018)	(5,671,212)	(10,793,707)

The Company's financial assets and liabilities in various currencies as at December 31, 2023, are set out in the following table:

December 31, 2023	Canadian Dollar	US Dollar	Peruvian SOL	Total (USD)
Cash and cash equivalents	1,656	434,868	48,378	484,902
Receivables	3,645	-	4,575,510	4,579,155
	5,301	434,868	4,623,888	5,064,057
Accounts payables and accruals	(318,737)	-	(19,224,259)	(19,542,996)
Lease	-	-	(320,891)	(320,891)
Debenture	-	-	(1,441,777)	(1,441,777)
Net asset (liabilities)	(313,437)	434,868	(16,363,039)	(16,241,607)

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 June 30, 2024, a 10% depreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial liabilities by approximately \$50,000 (December 31, 2023 - \$28,000). A 10% appreciation of the Canadian Dollar relative to the US Dollar would have had the equal but opposite effect. As at June 30, 2024, a 10% depreciation of the Peruvian SOL relative to the US Dollars would have decreased net financial liabilities by approximately \$516,000 (December 31, 2023 - \$1,432,000). A 10% appreciation of the Peruvian SOL relative to the US Dollar would have had the equal but opposite effect.

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 June 30, 2024, 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.

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 six months ended June 30, 2024. 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. SUBSEQUENT EVENTS

On August 8, 2024, Sebastian Wahl resigned as Vice President, Corporate Development of the Company. However, Mr. Wahl will remain a director of the Company.

On August 20, 2024, the Company has issued 1,261,956 common shares of the Company at a price of C\$0.23 per share to Mr. Wahl. In addition, the Company also paid C\$32,500 as part of its full and final settlement with Mr. Wahl.