SILVER X MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Expressed in US Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver X Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of Silver X Mining Corp. and its subsidiaries (collectively the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including the material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2023.

As part of our audit of the consolidated financial statements of the Company for the year ended December 31, 2023, we also audited the adjustment described in Note 20 that was applied to restate the consolidated financial statements for the year ended December 31, 2022. In our opinion, the adjustment has been appropriately applied. We were not engaged to audit, review or apply any procedures to the consolidated financial statements of Company for the year ended December 31, 2022, other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2022, taken as a whole.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has an accumulated deficit of $62.1 million as at December 31, 2023, and the Company's current liabilities exceeded its current assets by $15.1 million. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Impairment of Exploration and Evaluation (E&E) Assets

At December 31, 2023 the Company recorded and impairment of its E&E assets for $4.4 million. The Company is required to perform an assessment of the internal and external factors of the E&E assets' carrying values to determine whether there is any indicator of impairment. We draw your attention to Note 2 - Accounting policies and Note 6 to the consolidated financial statements.

Judgment is required by the Company to assess the indications of impairment and using factors in accordance with IFRS 6, Exploration for and Evaluation of Mineral Properties (IFRS 6).

The principal considerations for our determination that performing procedures relating to the judgment applied in assessing the E&E assets for impairment is a key audit matter are (i) significant auditor judgment and subjectivity in performing procedures and evaluating management's assessment of the impairment indicators which in turn led to (ii) significant effort involved in assessing management's analysis for compliance with IFRS 6.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Examining the title of the property, to ensure it is in good standing and in the Company's name.
- Examining management's analysis of the indicators of impairment.
- Examining management's impairment assessment for consistency with operations including results of its activities as applicable.
- Performing procedures over the key assumptions and judgements used in the impairment assessment as applicable.
- Ensuring consistency of the inputs used in the models used with information prepared for other aspects of the Company such as budgets and actual results as applicable.
- Examining the disclosures in the financial statements for consistency with the relevant standards.

Restatement of Development Property and Impairment of Goodwill

At December 31, 2023 the Company had Development Property of $ 37 million which was a result of an acquisition of one of its subsidiaries in the 2021 fiscal year end. In the current year the Company identified an error in the treatment of deferred taxes on this acquisition, which resulted in a reduction of Development Property and recording Goodwill for $9.1 million. The Company is required under IAS 36, Impairment of Assets (IAS 36) to perform an impairment test of its goodwill. We draw your attention to Note 2 - Accounting policies and Note 21 to the consolidated financial statements.

The restatement and resulting goodwill, required management to perform an impairment assessment over its goodwill and at a cash generating unit level. Judgment and significant assumptions and estimates are required by the Company in performing the impairment assessment under IAS 36.

The principal considerations for our determination that performing procedures relating to the judgment, estimates and assumptions used in the restatement and impairment assessment is a key audit matter are (i) significant auditor judgment and subjectivity in performing procedures and evaluating management's impairment assessment which in turn led to (ii) significant effort involved in assessing the reasonableness of the assumptions and estimates used in the impairment assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Examining the details of the restatement and documentation to support the changes.
- Examining the title of the property, to ensure it is in good standing and in the Company's name.
- Examining management's analysis of its cash generating units.
- Examining management's impairment assessment for consistency with operations including results of its activities as applicable.
- Performing procedures over the key assumptions and estimates used in the impairment assessment.
- Utilising valuation specialists to review the reasonableness of impairment model used as well as the reasonableness of certain assumptions.
- Utilizing and independent qualifying person to review the technical report associated with the Development Property.
- Ensuring consistency of the inputs used in the impairment assessment with information prepared for other aspects of the Company such as budgets and actual results as applicable.
- Examining the disclosures in the financial statements for consistency with the relevant standards.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Reshma Mahase.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada   Chartered Professional Accountants

April 29, 2024

SILVER X MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	Notes		December 31, 2023		December 31, 2022 Restated (Note 20)
ASSETS					
Current assets					
Cash		$	484,902	$	1,023,979
Trade and other receivables	4		4,579,155		3,893,279
Prepaid expenses and deposits			373,896		224,460
Inventory	5		609,791		1,277,203
			6,047,744		6,418,921
Non-current assets					
Other receivables – non current	4		1,325,220		1,326,009
Right-of-use- assets	8		309,434		599,723
Property and equipment	7		7,177,201		6,582,202
Development property	9		37,001,484		36,627,909
Exploration and evaluation assets	6		-		4,416,483
			45,813,339		49,552,326
TOTAL ASSETS		**$**	51,861,083	**$**	55,971,247
LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	10	$	19,542,996	$	14,972,451
Lease obligation	8		202,459		245,920
Debenture	11		1,441,777		1,813,545
			21,187,232		17,031,916
Non-current liabilities					
Long term payables	10		717,996		-
Lease obligation	8		118,432		324,378
Deferred income tax liability			8,912,737		7,270,737
Asset retirement obligation	12		2,217,972		1,941,567
Total liabilities			33,154,369		26,568,598
Shareholders' equity					
Share capital	13		70,828,276		68,671,043
Accumulated deficit			(62,090,518)		(49,659,430)
Reserves			9,968,956		10,391,036
Total shareholders' equity			18,706,714		29,402,649
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY		**$**	51,861,083	**$**	55,971,247

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

Subsequent events (note 21)

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

"Francis Johnstone" Director "Darryl Cardey" Director

SILVER X MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)

	Notes		For the year ended December 31, 2023		For the year ended December 31, 2022 *Restated (Note 20)*
OPERATING REVENUES		$	15,667,142	$	13,872,800
COST OF SALES					
Mining and processing		$	(16,159,012)	$	(13,235,176)
Amortization			(2,108,691)		(997,488)
			(18,267,703)		(14,232,664)
Operating loss		$	(2,600,561)	$	(359,864)
EXPLORATION EXPENDITURES	6	$	(262,245)	$	(225,396)
GENERAL AND ADMINISTRATIVE EXPENSES		$	(3,176,748)	$	(3,831,482)
Loss before other items			**(6,039,554)**		**(4,416,742)**
OTHER ITEMS					
Finance income		$	5,442	$	4,041
Finance cost			(638,694)		(942,070)
Impairment of goodwill			-		(9,084,732)
Impairment of exploration and evaluation assets	9		(4,415,637)		(1,090,003)
Loss on conversion of convertible debenture	14		-		(2,062,122)
Gain on settlement of debt	14		-		196,142
Foreign exchange gain (loss)			299,355		(141,129)
Net loss before tax			**(10,789,088)**		**(17,536,615)**
Deferred income tax recovery (expense)		$	(1,642,000)	$	(676,000)
Loss for the year			**(12,431,088)**		**(18,212,615)**
Loss on translation of foreign operations			(597,332)		(916,875)
Loss and comprehensive loss for the year		**$**	**(13,028,420)**	**$**	**(19,129,490)**
Loss per share, basic and diluted		**$**	(0.08)	$	(0.13)
Weighted average number of common shares outstanding			162,288,206		136,006,560

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

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

	Notes	Number of Common shares	Share capital	Other Equity Reserves: Share-based payments	Other Equity Reserves: Share purchase warrants	Other Equity Reserves: Equity portion of convertible debenture	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 2021		**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		-	-	-	-	-	-	(18,212,615)	(18,212,615)
Loss on translation of foreign operations		-	-	-	-	-	(916,875)	-	(916,875)
Private placement, net	13	13,554,441	2,135,082	-	28,658	-	-	-	2,163,740
RSU vesting	13	575,000	317,654	(317,654)	-	-	-	-	-
Options exercised	13	700,000	337,952	(192,936)	-	-	-	-	145,016
Shares for debt	13	1,801,256	290,235	-	-	-	-	-	290,235
Settlement of accrued interest on covertible debenture, net	13	1,240,122	253,703	-	-	-	-	-	253,703
Conversion of debenture	13	17,157,829	6,245,137	-	-	(153,065)	-	-	6,092,072
Share-based payments	13	-	-	522,783	-	-	-	-	522,783
Balance, December 31, 2022 (restated - Note 20)		**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		-	-	-	-	-	-	(12,431,088)	(12,431,088)
Loss on translation of foreign operations		-	-	-	-	-	(597,332)	-	(597,332)
Private placement, net	13	8,600,750	1,866,626	-	13,706	-	-	-	1,880,332
Warrants exercised	13	469,000	147,810	-	(33,001)	-	-	-	114,809
RSU vesting	13	250,000	47,710	(47,710)	-	-	-	-	-
Options exercised	13	262,500	95,087	(46,573)	-	-	-	-	48,514
Share-based payments	13	-	-	288,830	-	-	-	-	288,830
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**

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

SILVER X MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Expressed in US Dollars)

		For the year ended December 31, 2023		For the year ended December 31, 2022
				Restated (Note 20)
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the year	$	(12,431,088)	$	(18,212,615)
Items not affecting cash:				
Accretion and interest		151,481		553,812
Amortization		2,108,691		997,488
Deferred income tax recovery		1,642,000		676,000
Gain on settlement of debt		-		(196,142)
Impairment of goodwill		-		9,084,732
Impairment of exploration and evaluation assets		4,415,637		1,090,003
Loss on conversion of convertible debenture		-		2,062,122
Share-based payments		288,830		522,783
		(3,824,449)		(3,421,817)
Changes in non-cash working capital items:				
Other receivables and prepaids		(834,523)		(1,728,163)
Accounts payable and accrued liabilities		5,288,541		3,608,843
Inventory		667,412		(945,217)
Net cash inflow (outflow) from operating activities		**1,296,981**		**(2,486,354)**
FINANCING ACTIVITIES				
Proceeds from exercise of warrants	$	114,809	$	-
Proceeds from exercise of options		48,514		145,016
Proceeds (net of share issuance cost) from private placement		1,880,332		2,150,700
Lease payments		(318,484)		(202,832)
Net (repayments) proceeds from debenture		(371,768)		241,188
Net cash inflow from financing activities		**1,353,403**		**2,334,072**
INVESTING ACTIVITIES				
Development asset	$	(1,525,633)	$	(1,224,311)
Purchase of PP&E		(1,402,761)		(1,451,958)
Net cash outflow from investing activities		**(2,928,394)**		**(2,676,269)**
FX impact on cash		(261,067)		(653,358)
Net change in cash		**(539,077)**		**(3,481,909)**
Cash, beginning of period		1,023,979		4,505,888
Cash, end of year	**$**	**484,902**	**$**	**1,023,979**
Supplemental cash flow information (note 19)				

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

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 Accounting Standards

These consolidated financial statements of the Company as of and for the year ended December 31, 2023, including comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities measured at fair value.

The consolidated financial statements are presented in US dollars, which is also the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS Accounting Standards 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 note 3.

Going Concern and Continuance of Operations

These consolidated 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 December 31, 2023, the Company had an accumulated deficit of $62,090,518 (December 31, 2022 - $49,659,430 – Restated Note 20) since inception, and the Company's working capital deficit was $15,139,488 (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. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION (continued…)

Basis of Consolidation

The 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	December 31, 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.

3. MATERIAL 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.

Restatement

During the preparation of the 2023-year end consolidated financial statements, the Company identified an error in the purchase price calculation of the business combination of Mines & Metals Trading (Peru) PLC to acquire the Nueva Recuperada project in the 2021 fiscal period. The Company identified that Goodwill of $9,084,732 should have been recognized with the corresponding adjustment of $10,423,287 to Development Property and $1,338,555 to deferred tax liabilities. In accordance with IAS 36, the Company completed its annual impairment test of goodwill as of December 31, 2022, and determined goodwill was impaired and recorded an impairment of $9,912,292. The error also resulted in an adjustment to depreciation and amortization of the development property of $120,070 in fiscal 2022. Please see note 20 for details.

Goodwill

The Company allocates goodwill arising from business combinations to each cash generating unit ("CGU") or group of CGUs that are expected to receive the benefits from the business combination. The carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any impairment is recognized as an in the consolidated statement of loss in the period when the impairment occurs, If there is a recovery in the value of a CGU or group of CGUs, any impairment of goodwill previously recorded is not subsequently reversed.

3. MATERIAL ACCOUNTING POLICIES (continued…)

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.

Inventory

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.

2. BASIS OF PREPARATION (continued…)

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

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.

2. BASIS OF PREPARATION (continued…)

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.

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.

2. BASIS OF PREPARATION (continued…)

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.

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.

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued…)

Significant judgments in applying accounting policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

(i) Impairment of assets

The carrying value of property, plant and equipment, exploration and evaluation properties and the Company's mineral property is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

(ii) Economic recoverability and probability of future economic benefits of exploration and development costs

Management has determined that acquisition costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(iii) Functional currency

The functional currency for each of the Company's subsidiaries, joint ventures and investments in associates, is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is either the Peruvian SOL, Canadian Dollar, or US Dollar (see note 2 for more details). Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(iv) Commencement of commercial production

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 pre-production revenues. Commercial production is deemed to have occurred when management determines that, amongst other items, the completion of operational commissioning of major mine components has been reached, operating results, which includes the grade and volume of material mined, are being achieved consistently for a period of time, and there are indicators that these operating results will continue, all of which involve management judgments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued…)

Key sources of estimation Uncertainty

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(i) Mineral resource estimation

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. The determination of mineral resources also requires the use of estimates. The Company estimates its mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101, Standards for Disclosure of Mineral Projects. There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of resources and may result in changes to resource estimates.

(ii) Depreciation and depletion

Plants and other facilities used directly in mining activities are depreciated using the units-of-production (“UOP”) method over a period not to exceed the estimated life of the ore body based on recoverable metal to be mined from estimated resources. Mobile and other equipment are depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment to the extent that the useful life does not exceed the related estimated life of the mine based on estimated recoverable resources.

The calculation of the UOP rate, and therefore the annual depreciation and depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in metal prices and smelting and refining costs used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(iii) Inventories

Expenditures incurred, and depreciation and depletion of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, concentrate stockpiles, in-process and finished metal inventories. These deferred amounts are carried at the lower of average cost or net realizable value (“NRV”). Write-downs of ore in stockpiles, ore in-process and finished metal inventories resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued…)

(iv) Decommissioning and restoration provision

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

(v) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

For asset acquisitions, contingent share consideration is an estimate of the fair value of the contingent amounts expected to be payable in the future. The fair value is based on number of contingent shares, the share price of the Company on the date of acquisition and management's expectations of probability.

(vi) Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

(vii) Deferred taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

(Expressed in US Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued…)

(viii) Impairment of Mining Interests and Goodwill

In determining the recoverable amounts of the Company's mining interests and goodwill, management makes estimates of the discounted future cash flows expected to be derived from the Group's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about mineral selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in mineral price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and/or goodwill.

4. TRADE AND OTHER RECEVIABLES

	December 31, 2023	December 31, 2022
Trade receivable	$ 213,956	$ 453,122
Supplier advances	1,264,244	1,264,452
Reclamation bond (Note 12)	1,325,220	1,326,009
Tax receivables – Peru (IGV)	3,097,310	2,148,879
Tax receivables – Canada (GST)	3,645	26,826
	$ 5,904,375	**$ 5,219,288**
Non-current	**(1,325,220)**	**(1,326,009)**
Current	**4,579,155**	**3,893,279**

5. INVENTORY

	December 31, 2023	December 31, 2022
Finished goods inventory	$ -	$ 153,801
Concentrate inventory	46,091	262,747
Stockpile inventory	241,514	490,644
Material and supplies	322,186	370,011
Current	**$ 609,791**	**$ 1,277,203**

There was no impairment of concentrate or stockpile inventory, nor any impairment of material and supplies due to these items being obsolete or slow moving.

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the year ended December 31, 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	**$ -**	**$ 4,416,483**	**$ 4,416,483**
Impairment of exploration and evaluation assets	-	(4,415,637)	(4,415,637)
Foreign exchange impact	-	(846)	(846)
Balance December 31, 2023	**$ -**	**$ -**	**$ -**

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 in 2020.

During the year ended December 31, 2022, the Company did not undertake any further exploration 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, 2023 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:

(Expressed in US Dollars)

6. 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. 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 December 31, 2023. At December 31, 2023, the Company concluded that the property is impaired resulting in an impairment loss of $4,415,637.

c) Lily 19 Claims, Peru

In 2022, Silver X acquired the Lily 19 claims through an earn in agreement with Barrick Gold Corp. Under the terms of 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 (in good standing as of Dec 31, 2023)
- 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	57,602
Concession payments	38,290
Other	166,353
For the year ended December 31, 2023	**262,245**

	Peru
Geological consulting	62,020
Concessions payments	148,709
Other	14,667
For the year ended December 31, 2022	**225,396**

(Expressed in US Dollars)

7. PROPERTY AND EQUIPMENT

COST		As at December 31, 2022		Purchases and reclassifications		Foreign exchange impact		As at December 31, 2023
Building and facilities		187,560		140,311		11,495		339,366
Machinery and equipment		1,365,499		571,272		67,905		2,004,676
Vehicles		16,869		-		591		17,460
Furniture and fixtures		44,844		1,702		1,632		48,178
Other equipment		447,553		68,296		18,086		533,935
Plant		4,011,921		1,082,022		178,598		5,272,541
Assets under construction		1,067,712		(460,842)		21,277		628,147
	$	**7,141,958**	**$**	**1,402,761**	**$**	**299,584**	**$**	**8,844,304**

ACCUMULATED DEPRECIATION		As at December 31, 2022		Depreciation		Foreign exchange impact		As at December 31, 2023
Building and facilities		9,412		14,165		827		24,404
Machinery and equipment		271,704		377,670		22,768		672,141
Vehicles		6,964		3,191		356		10,511
Furniture and fixtures		6,521		5,518		422		12,461
Other equipment		63,367		82,843		5,126		151,336
Plant		201,789		567,489		26,971		796,250
	$	**559,757**	**$**	**1,050,876**	**$**	**56,470**	**$**	**1,667,103**

NET CARRYING VALUE		As at December 31, 2022		As at December 31, 2023
Building and facilities		178,148		314,963
Machinery and equipment		1,093,795		1,332,535
Vehicles		9,905		6,950
Furniture and fixtures		38,323		35,717
Other equipment		384,186		382,599
Plant		3,810,132		4,476,291
Asset under construction		1,067,712		628,147
	$	**6,582,202**	**$**	**7,177,201**

Assets under construction consist of parts and assembly of assets in the Recuperada Mining Unit.

(Expressed in US Dollars)

8. 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 December 31, 2023:

a) Right-of-Use Asset

		December 31, 2023		December 31, 2022
Opening balance		599,723		890,012
Less: depreciation		(290,289)		(290,289)
	$	309,434	$	599,723

b) Lease Obligations

		December 31, 2023		December 31, 2022
Opening balance		570,298		778,902
Plus: interest		69,077		102,880
Less: lease payments		(318,484)		(311,484)
	$	320,891	$	570,298

Discounted lease obligation associated with the Company's lease obligation as at December 31, 2023:

		December 31, 2023		December 31, 2022
Current		202,459		245,920
Long term		118,432		324,378
Total discounted lease obligation	$	320,891	$	570,298

Undiscounted lease obligation associated with the Company's lease obligation as at December 31, 2023:

		December 31, 2023		December 31, 2022
Within a year		226,728		318,484
Later than a year		116,000		363,185
Total undiscounted lease obligation	$	342,728	$	681,669

(Expressed in US Dollars)

9. DEVELOPMENT PROPERTY

As at December 31, 2021 (restated - Note 21)	**$**	35,514,490
ARO adjustments		174,362
Property additions		1,224,311
Depreciation and amortization (restated - Note 21)		(290,752)
Foreign exchange		5,498
As at December 31, 2022 (restated - Note 21)		**36,627,909**
ARO adjustments		194,001
Property additions		3,751,632
Royalties received		(2,420,000)
Depreciation and amortization		(937,077)
Foreign exchange		(214,981)
As at December 31, 2023	**$**	**37,001,484**

During the period ended December 31, 2023, the Company incurred $3,751,632 (December 31, 2022: $1,224,311) in further developing the Nueva Recuperada Project.

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.

(Expressed in US Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		December 31, 2022
Trade payable		11,956,623		9,534,099
Accrued liabilities		8,304,369		5,438,352
	$	**20,260,992**	**$**	**14,972,451**
Non-current		**(717,996)**		**-**
Current		**19,542,996**		**14,972,451**

11. DEBENTURES

		December 31, 2023		December 31, 2022
Trafigura Peru S.A.C. (i)		984,836		1,363,451
Blanco SAFI S.A.C (ii)		226,811		226,425
Herr - Glass (iii)		213,178		205,168
Other		16,952		18,501
	$	**1,441,777**	**$**	**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 December 31, 2023, the Company is behind on payments totaling $261,961. The Company is in negotiations with the lender to extend the maturity date and agree upon a revised repayment schedule. 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 of year-end December 31, 2023, 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 of year-end December 31, 2023, 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.

(Expressed in US Dollars)

12. ASSET RETIREMENT OBLIGATION

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 costs 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 December 31, 2023 (December 31, 2022: $2.6M), over a period of 8-13 years, using an inflation rate of 4% (December 31, 2022 – 4%) and discounted using a risk-free rate of 6.8% (December 31, 2022: 8.0%) per annum. The Company has a reclamation bond in place for $2.8M, which was renewed subsequent to year-end on January 14, 2024, for an additional one-year period.

As at December 31, 2021	**$**	1,684,801
Accretion		82,404
Foreign exchange and other		174,362
As at December 31, 2022		**1,941,567**
Accretion		82,404
Foreign exchange and other		194,001
As at December 31, 2023	**$**	**2,217,972**

13. SHARE CAPITAL AND RESERVES

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

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.

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.

13. SHARE CAPITAL AND RESERVES (continued…)

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.

During the year 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.

(Expressed in US Dollars)

13. SHARE CAPITAL AND RESERVES (continued…)

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.

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	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**

(Expressed in US Dollars)

13. SHARE CAPITAL AND RESERVES (continued…)

As at December 31, 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	0.81	C$0.33
October 28, 2024	2,132,762	0.83	C$0.33
June 5, 2025	4,289,850	1.43	C$0.45
June 5, 2025	78,003	1.43	C$0.30
June 28, 2025	3,028,480	1.49	C$0.45
June 28, 2025	14,562	1.49	C$0.30
July 7, 2025	1,387,000	1.52	C$0.45
	15,478,814	**1.18**	**C$0.40**

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
Forfeited	(2,175,000)	C$ 0.53
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	**8,825,000**	**C$ 0.46**

(Expressed in US Dollars)

13. SHARE CAPITAL AND RESERVES (continued…)

As at December 31, 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	1.48	C$ 0.27
November 2, 2025	125,000	125,000	1.84	C$ 0.70
June 21, 2026	3,900,000	3,900,000	2.47	C$ 0.60
August 23, 2026	1,025,000	1,025,000	2.65	C$ 0.60
August 9, 2027	1,225,000	1,225,000	3.61	C$ 0.25
November 4, 2027	350,000	350,000	3.85	C$ 0.23
November 30, 2026	250,000	125,000	4.67	C$ 0.27
November 30, 2028	1,800,000	900,000	2.92	C$ 0.27
	8,825,000	**7,800,000**	**3.19**	**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	November 4, 2022	August 9, 2022
Number of options granted	2,050,000	250,000	350,000	1,950,000
Vesting provision	12-month	12-month	12-month	12-month
Expected stock price volatility	120%	143%	187%	187%
Expected life of options	5.0 years	5.0 years	5.0 years	5.0 years
Risk free interest rate	3.64%	4.26%	5.11%	5.11%
Expected dividend yield	0%	0%	0%	0%
Exercise price	C$0.265	C$0.29	C$0.25	C$0.25
Fair value of the options	$ 319,761	$ 65,340	$ 88,933	$ 362,140

For the year ended December 31, 2023, the share-based compensation expense related to options was $257,039 (year ended December 31, 2022 – $466,971).

(Expressed in US Dollars)

13. SHARE CAPITAL AND RESERVES (continued…)

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
Forfeited	(300,000)
Vested	(575,000)
Outstanding RSUs, December 31, 2022	**250,000**
Granted	295,000
Forfeited	(70,000)
Vested	(250,000)
Outstanding RSUs, December 31, 2023	**225,000**

For the year ended December 31, 2023, share-based compensation expense related to RSUs was $31,790 (year ended December 31, 2022 – $55,812).

(Expressed in US Dollars)

14. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the year ended December 31, 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
Catapult Consulting Corp (Officer)	Compensation expense and professional fees
Serebro Corp. (Director, Officer)	Compensation expense

As at December 31, 2023, the Company had $461,384 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:

		Year ended December 31, 2023		**Year ended December 31, 2022**
Compensation expense	$	683,860	$	783,370
Consulting fees		154,546		203,124
Directors' fees		130,590		52,174
Share based payment		288,830		327,653
	$	**1,257,826**	**$**	**1,366,321**

(Expressed in US Dollars)

15. SEGMENTED INFORMATION

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

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**
Exploration and evaluation assets	-	-	-
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**

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	-	46,931,126	46,931,126
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**	**$ 65,025,749**	**$ 66,274,464**

	Canada – Corporate	Peru	Total
Net loss – year ended December 31, 2023	**$ (9,578,766)**	**$ (2,852,322)**	**$ (12,431,088)**
Net loss – year ended December 31, 2022	**$ (7,348,280)**	**$ (10,864,335)**	**$ (18,212,615)**

16. 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.

(Expressed in US Dollars)

16. 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 December 31, 2023 are set out in the following table:

December 31, 2023	Canadian Dollar	US Dollar	Peruvian SOL	Total
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 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 December 31, 2023, a 10% appreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial assets by approximately $28,000 (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 $1,432,000 (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.

16. 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 December 31, 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.

Impairment assessment:

As at December 31, 2022, an impairment assessment was completed in accordance with IAS 36 and concluded that goodwill was impaired and recorded an impairment of $9,912,292 (Note 20). The fair value of the various aspects of the expected consideration were classified as Level 3 fair value measurements.

(Expressed in US Dollars)

17. 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 year ended December 31, 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.

18. TAX PROVISION

A reconciliation of income taxes computed at Canadian statutory rates to the reported income taxes is provided as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Loss for the year	$ (10,789,088)	$ (17,536,615)
Canadian statutory tax rate	27%	27%
Income tax expense computed at statutory tax rates	(2,913,000)	(4,735,000)
Change in statutory, foreign tax, foreign exchange rates	1,268,000	973,000
Permanent differences and other	547,000	3,462,000
Share issue costs	(16,000)	(23,000)
Unused tax losses and tax offsets	2,756,000	999,000
	$ 1,642,000	**$ 676,000**

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes gives rise to deferred tax assets and liabilities as follows:

(Expressed in US Dollars)

18. TAX PROVISION (continued…)

		As at December 31, 2023		As at December 31, 2022
Development property	$	(10,163,000)	$	(9,670,445)
Property and equipment		50,000		(75,000)
Non-capital losses		1,200,326		2,474,708
	$	**(8,912,674)**	**$**	**(7,270,737)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		As at December 31, 2023		As at December 31, 2022
Non-capital losses	$	27,808,000	$	18,689,000
Capital losses		1,329,000	$	1,298,000
Exploration and evaluation assets		261,000		259,000
Share issue costs		522,000		685,000
Property and equipment		60,000		2,000
Asset retirement obligation		2,218,000		1,942,000
Unrecognized future deductible amounts	**$**	**32,198,000**	**$**	**22,875,000**

The Company's unrecognized unused non-capital losses have the following expiry dates:

		Canada		US		Peru		Total
2029		225,547					$	225,547
2030		530,287						530,287
2031		570,425						570,425
2032		683,288						683,288
2033		1,056,257						1,056,257
2034		465,479		696,303				1,161,782
2035		438,185		1,101,065				1,539,250
2036		283,912						283,912
2037		303,664		94,383				398,047
2038		283,964		15,118				299,082
2039		233,962		47,926				281,888
2040		2,224,377						2,224,377
2041		2,967,857		6,811				2,974,668
2042		2,551,411		228				2,551,639
2043		2,965,858		72				2,965,930
No expiry						6,969,711		6,969,711
	$	**15,784,474**	**$**	**1,961,906**	**$**	**6,969,711**	**$**	**24,716,091**

(Expressed in US Dollars)

19. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31, 2023	Year ended December 31, 2022
Shares issued – shares for debt	-	5,153,233

20. RESTATEMENT

During the preparation of the 2023 year end consolidated financial statements, the Company identified an error in the purchase price calculation of the business combination of Mines & Metals Trading (Peru) PLC to acquire the Nueva Recuperada project in the 2021 fiscal period. The Company identified that Goodwill of $9,084,732 should have been recognized with the corresponding adjustment of $10,423,287 to Development Property and $1,338,555 to deferred tax liabilities. In accordance with IAS 36, the Company completed its annual impairment test of goodwill as of December 31, 2022, and determined goodwill was impaired and recorded an impairment of $9,912,292. The error also resulted in an adjustment to depreciation and amortization of the development property of $120,070 in fiscal 2022. The table below summarizes the restated consolidated financial statements for December 31, 2022:

		As previously reported		Adjustments		As Restated
Consolidated Statements of Financial Position						
Development property	$	46,931,126	$	(10,303,217)	$	36,627,909
Goodwill	$	-	$	-	$	-
Deferred tax liabilities	$	8,609,292	$	(1,338,555)	$	7,270,737
Deficit	$	(40,694,768)	$	(8,964,662)	$	(49,659,430)
Consolidated Statements of income and Comprehensive income						
COST OF SALES						
Amortization	$	1,117,558	$	(120,070)	$	997,488
Operating loss	$	(479,934)	$	120,070	$	(359,864)
Loss before other items	$	(4,536,812)	$	120,070	$	(4,416,742)
OTHER ITEMS						
Impairment of Goodwill	$	-	$	(9,084,732)	$	(9,084,732)
Net loss before tax	$	(8,571,953)	$	(8,964,662)	$	(17,536,615)
Net loss	$	(9,247,953)	$	(8,964,662)	$	(18,212,615)
Total comprehensive loss	$	(10,164,828)	$	(8,964,662)	$	(19,129,490)
Loss per share, basic and diluted	$	(0.07)	$	(0.07)	$	(0.14)

(Expressed in US Dollars)

20. RESTATEMENT (continued…)

		As previously reported		Adjustments		As Restated
Consolidated Statements of Changes in Equity						
Net income for the year	$	(9,247,953)	$	(8,964,662)	$	(18,212,615)
Total equity	$	38,367,311	$	(8,964,662)	$	29,402,649
Consolidated Statements of Cashflows						
Operating activities						
Net income for the year	$	(9,247,953)	$	(8,964,662)	$	(18,212,615)
Amortization	$	1,117,558	$	(120,070)	$	997,488
Impairment of goodwill	$	-	$	9,084,732	$	9,084,732
Cash providing by operating activities	$	(2,486,354)	$	-	$	(2,486,354)

21. SUBSEQUENT EVENTS

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 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 C$3,891,884. In total, the Company placed 27,777,776 units for aggregate gross proceeds of C$5,000,000.

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) C$75,783 in cash and (ii) 335,945 finder’s warrants (the “Finder’s Warrants) exercisable into one Share at a price of C$0.30, and (iii) 78,301 Finder’s Warrants exercisable into one Share at a price of C$0.18. The Finder’s Warrants are exercisable for a period of 36 months from the Closing Date.

On April 12, 2024, the Company settled US$2,181,458 of indebtedness through the issuance of 6,000,000 common shares, the equivalent of an issue price of C$0.499 per share.