



SILVER X MINING CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including 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, 2024, and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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.

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 \$66,541,740 as at December 31, 2024, and a working capital deficit of \$13,967,283 where the Company's current liabilities exceeded its current assets. 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. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 22, 2025

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

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 784,429	\$ 484,902
Trade and other receivables	5	6,117,393	4,579,155
Prepaid expenses and deposits		220,584	373,896
Inventory	6	495,701	609,791
		7,618,107	6,047,744
Non-current assets			
Other receivables – non current	5	1,317,072	1,325,220
Right-of-use- assets	9	24,447	309,434
Property and equipment	8	7,232,667	7,177,201
Mineral Property	10	37,603,031	37,001,484
		46,177,217	45,813,339
TOTAL ASSETS		\$ 53,795,324	\$ 51,861,083
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 19,127,913	\$ 19,542,996
Lease obligation	9	186,506	202,459
Debenture	12	2,270,971	1,441,777
		21,585,390	21,187,232
Non-current liabilities			
Long term payables	11	277,204	717,996
Lease obligation	9	-	118,432
Long term debentures	12	700,000	-
Deferred income tax liability	19	9,951,737	8,912,737
Asset retirement obligation	13	2,378,647	2,217,972
Total liabilities		34,892,978	33,154,369
Shareholders' equity			
Share capital	14	74,925,340	70,828,276
Accumulated deficit		(66,541,740)	(62,090,518)
Reserves		10,518,746	9,968,956
Total shareholders' equity		18,902,346	18,706,714
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY		\$ 53,795,324	\$ 51,861,083

Corporate information and Going Concern (notes 1 & 2)

Subsequent events (note 21)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON APRIL 21, 2025:

"Francis Johnstone" Director "Darryl Cardey" Director

SILVER X MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2024, and 2023
(Expressed in US Dollars)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
OPERATING REVENUES		\$ 21,854,446	\$ 15,667,142
COST OF SALES			
Mining and processing		\$ (18,005,469)	\$ (16,159,012)
Amortization		(4,467,741)	(2,108,691)
		(22,473,210)	(18,267,703)
Operating loss		\$ (618,764)	\$ (2,600,561)
EXPLORATION EXPENDITURES	7	\$ (224,302)	\$ (262,245)
GENERAL AND ADMINISTRATIVE EXPENSES		\$ (3,047,381)	\$ (3,176,748)
Loss before other items		(3,890,447)	(6,039,554)
OTHER ITEMS			
Finance cost, net		\$ (625,892)	\$ (633,252)
Gain on lease written off		41,230	-
Impairment of exploration and evaluation assets		-	(4,415,637)
Gain on settlement of accounts payable balances		1,132,260	-
Foreign exchange loss		(69,373)	299,355
Net loss before tax		(3,412,222)	(10,789,088)
Deferred income tax expense		\$ (1,039,000)	\$ (1,642,000)
Net loss		(4,451,222)	(12,431,088)
Loss on translation of foreign operations		(315,511)	(597,332)
Net comprehensive loss		\$ (4,766,733)	\$ (13,028,420)
Loss per share, basic and diluted		\$ (0.02)	\$ (0.08)
Weighted average number of common shares outstanding		187,261,635	162,288,206

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

SILVER X MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2024, and 2023
(Expressed in US Dollars)

	Notes	Number of Common shares	Share capital	Other Equity Reserves			Accumulated Other Comprehensive Income	Accumulated Deficit	Total
				Share- based payments	Share purchase warrants				
Balance, December 31, 2022		156,998,527	\$ 68,671,043	\$ 5,355,189	\$ 1,744,459	\$ 3,291,388	\$ (49,659,430)	\$ 29,402,649	
Net loss		-	-	-	-	-	(12,431,088)	(12,431,088)	
Loss on translation of foreign operations		-	-	-	-	(597,332)	-	(597,332)	
Private placement, net	14	8,600,750	1,866,626	-	13,706	-	-	1,880,332	
Warrants exercised	14	469,000	147,810	-	(33,001)	-	-	114,809	
RSU vesting	14	250,000	47,710	(47,710)	-	-	-	-	
Options exercised	14	262,500	95,087	(46,573)	-	-	-	48,514	
Share-based payments	14	-	-	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	
Balance, December 31, 2023		166,580,777	\$ 70,828,276	\$ 5,549,736	\$ 1,725,164	\$ 2,694,056	\$ (62,090,518)	\$ 18,706,714	
Net loss		-	-	-	-	-	(4,451,222)	(4,451,222)	
Shares issuance for settlement of accounts payable balances, net	14	6,000,000	1,038,180	-	-	-	-	1,038,180	
Private Placement, net	14	27,777,776	2,796,998	-	765,257	-	-	3,562,255	
Warrants exercised	14	66,500	14,336	-	-	-	-	14,336	
Options exercised	14	25,000	4,491	-	-	-	-	4,491	
Gain on translation of foreign operations		-	-	-	-	(315,511)	-	(315,511)	
Share-based payments, net	14	1,261,956	210,830	132,273	-	-	-	343,103	
RSU vesting	14	175,000	32,229	(32,229)	-	-	-	-	
Balance, December 31, 2024		201,887,009	\$ 74,925,340	\$ 5,649,780	\$ 2,490,421	\$ 2,378,545	\$ (66,541,740)	\$ 18,902,346	

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, 2024	For the year ended December 31, 2023
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	\$ (4,451,222)	\$ (12,431,088)
Items not affecting cash:		
Accretion and interest	284,266	151,481
Amortization	4,467,741	2,108,691
Deferred income tax expense	1,039,000	1,642,000
Gain on settlement of accounts payable balances	(1,132,260)	-
Gain on lease written-off	(41,230)	-
Share-based payments	344,898	288,830
Write-off on mineral property	126,602	-
	637,794	(3,824,449)
Changes in non-cash working capital items:		
Other receivables and prepaids	(1,376,778)	(834,523)
Accounts payable and accrued liabilities	1,325,584	5,288,541
Inventory	114,090	667,412
Net cash inflow from operating activities	700,690	1,296,981
FINANCING ACTIVITIES		
Proceeds from exercise of warrants	\$ 14,336	\$ 114,809
Proceeds from exercise of options	4,491	48,514
Proceeds (net of share issuance cost) from private placement	3,562,255	1,880,332
Shares issuance cost	(12,814)	-
Lease payments	(29,800)	(318,484)
Net (repayments) proceeds from debenture	1,342,884	(371,768)
Net cash inflow from financing activities	4,881,352	1,353,403
INVESTING ACTIVITIES		
Mineral property	\$ (3,499,189)	\$ (1,525,633)
Purchase of property, plant, and equipment	(2,138,167)	(1,402,761)
Net cash outflow from investing activities	(5,637,356)	(2,928,394)
Foreign exchange impact on cash	354,840	(261,067)
Net change in cash	299,527	(539,077)
Cash, beginning of year	484,902	1,023,979
Cash, end of year	\$ 784,429	\$ 484,902

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

SILVER X MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024, and 2023
(Expressed in US Dollars)

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company as of and for the year ended December 31, 2024, including comparatives have been prepared in accordance with IFRS Accounting Standards 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.

These Board of Directors approved these consolidated financial statements on April 22, 2025,

Going Concern

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, 2024, the Company had an accumulated deficit of \$66,541,740 (December 31, 2023 - \$62,090,518) since inception, and the Company's working capital deficit was \$13,967,283 (December 31, 2023 – working capital deficit \$15,139,488). The Company may incur further losses in the development of its business.

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

SILVER X MINING CORP.
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2. BASIS OF PREPARATION (continued...)

Going Concern

On March 13, 2025, the Company closed its private placement offering with the placement of 20,588,235 units at a price of C\$0.17 per Unit for gross proceeds of \$2,429,037 (C\$3,500,000). The Company paid its broker a commission of \$145,034 (C\$208,980), and other legal fees and disbursements of \$56,989 (C\$82,116).

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, 2024 Ownership	December 31, 2023 Ownership
Silver X Mining Corp.	Canada	CAD	N/A - Parent	N/A - Parent
Name of Subsidiary				
Mines & Metals Trading (Peru) PLC	Isle of Man	USD	100%	100%
Recuperada SAC	Peru	USD	100%	100%
San Antonio Mining Peru SAC	Peru	USD	100%	100%
Mining Sense Gold Peru SAC	Peru	USD	100%	100%
Minera Tangana SAC	Peru	USD	100%	100%
Tangana Mines Peru SAC	Peru	USD	100%	100%
Corongo Exploraciones SAC	Peru	USD	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	USD	100%	100%
Corporacion Minera Talla SAC	Peru	USD	100%	100%
Green Gold Resources	Ecuador	USD	100%	100%
Colorado Silver Mines LLC	USA	USD	100%*	N/A

2. BASIS OF PREPARATION (continued...)

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.

Change in functional currency.

Effective January 1, 2024, the Company reassessed the functional currency of its Peruvian entities. In light of the recent change to the Company's commercial production status, and the increase in its operations, the Company reassessed its functional currency and concluded the functional currency of its Peruvian entities is USD. Prior to January 1, 2024, the functional currency of the Peruvian companies were the Soles.

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

3. MATERIAL ACCOUNTING POLICIES

Revenue recognition

Revenue associated with the sale of commodities is recognized when control of the assets 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 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 the 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 concentration sold are not significant and do not constrain the recognition of revenue.

Inventory

Finished goods 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 the 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

SILVER X MINING CORP.
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(Expressed in US Dollars)

cost of raw materials, direct labour, mine-site overhead and depreciation and depletion of mine properties and plant and equipment.

3. MATERIAL ACCOUNTING POLICIES (continued...)

Inventory (continued...)

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

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

Property and equipment

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

Residual values, useful life and depreciation methods 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.

All property and equipment, except plant, are depreciated 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
Other equipment	4
Plant	units of production

The Company utilizes the Units of Production Method for depreciating Plant. The ratio is obtained by dividing the extracted mineral tons by the measured and indicated resources, as outlined in the technical report, plus the monthly amortization cost per ton of own mineral by the purchased mineral from third parties.

Assets under construction

Assets under construction are initially recognized at cost, which includes all expenditures directly attributable to bringing the asset to its intended use, such as materials, labor, and overheads. During the construction phase, these costs are capitalized, encompassing direct costs like materials and labor, specific overheads, and interest costs directly attributable to the construction project. Once the construction is available for use, it is transferred from the 'Assets Under Construction' account to the appropriate fixed asset category, and depreciation begins.

3. MATERIAL ACCOUNTING POLICIES (continued...)

Mineral Properties

i) Mines under construction and development costs

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

ii) Mine properties

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

In March 2024, the company commenced commercial production. This marks the transition from development to operational status, enabling the company to generate revenue from its mining activities.

Costs of producing mine properties are amortized 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. Depletion is recorded against the mine property only upon the commencement of commercial production.

Exploration expenditures are expensed as incurred at mine properties, unless the nature of the expenditure is 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 capitalized in this regard are amortized based on the unit-of-production method.

Mine properties are recorded at cost, net of accumulated 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.

3. MATERIAL ACCOUNTING POLICIES (continued...)

Mineral Properties (continued...)

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 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.

In 2024 the Company acquires the concession rights for The Plata Mining Area (formerly Esperanza).

The Plata Mining Area is a brownfield location and currently in early-stage exploration. At December 31, 2024, the Company capitalized \$63,903 (2023: \$nil) in exploration and evaluation costs which is included as Mineral Property.

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 assets 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 assets are impaired such as decreases in metal prices, an increase in operating costs, a decrease in mineable reserves or a change in foreign exchange rates. The Company also considers net book value of the asset, the ongoing costs required to maintain and operate the asset, and the use, value and condition of the asset.

An impairment loss is recognized for the amount by which the assets 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 reasonable 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.

3. MATERIAL ACCOUNTING POLICIES (continued...)

Impairment of Non-Financial Assets

An impairment loss for a cash-generating unit is first allocated to reduce the amount of 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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued...)

Share-based Payments (continued...)

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. There is no material assets classified as FVTPL.

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. There are no assets classified as FVTOCI.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued...)

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Cash	Amortized cost
Receivables arising from sale of concentrates	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable	Amortized cost
Long-term payables	Amortized cost
Debentures	Amortized cost
Lease obligation	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 other comprehensive income.

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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued...)

New accounting policies

In 2020 the International Accounting Standards Board published amendments to IAS 1, Presentation of Financial Statements that clarify the criteria for classifying liabilities with covenants as current or non-current.

The amendments also require companies to provide additional note disclosure on non-current liabilities with covenants. The effective date is for annual periods beginning on or after January 1, 2024. As these are the first consolidated financial statements that have been prepared for the Company under IFRS Accounting Standards, the Company applied this amendment for all periods presented in these consolidated financial statements. The amendment had no impact to the classification of its liabilities or its note disclosures.

The International Accounting Standards Board issued IFRS 18 - Presentation and Disclosure in the Financial Statements ("IFRS 18"), in April 2024 which is effective for annual reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of future adoption of IFRS 18 to these consolidated financial statements.

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 assets to be recovered.

3. MATERIAL ACCOUNTING POLICIES (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.

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, 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued...)

(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 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 reassess 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. In March 2024, the company commenced commercial production. This marks the transition from development to operational status, enabling the company to generate revenue from its mining activities.

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 the mineral property 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued...)

(ii) Amortization

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 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.

(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. The 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 on 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.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued...)

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 the 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.

(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.

5. TRADE AND OTHER RECEIVABLES

	December 31, 2024	December 31, 2023
Trade receivable	\$ 432,861	\$ 213,956
Supplier advances and other receivables	1,426,993	1,264,244
Reclamation bond	1,317,072	1,325,220
Tax receivables – Peru (IGV)	4,222,527	3,097,310
Tax receivables – Canada (GST)	35,012	3,645
	\$ 7,434,465	\$ 5,904,375
Non-current	(1,317,072)	(1,325,220)
Current	6,117,393	4,579,155

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6. INVENTORY

	December 31, 2024	December 31, 2023
Concentrate inventory	\$ 144,349	\$ 46,091
Stockpile inventory	69,148	241,514
Material and supplies	282,204	322,186
Current	\$ 495,701	\$ 609,791

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.

7. EXPLORATION AND EVALUATION ASSETS

a) Coriorcco & Las Antas Property, Peru

In June 2024, the Company decided not to renew the option on the Coriorcco and Las Antas project, after deciding to concentrate on more prospective exploration projects. The project was fully impaired at December 31, 2023, resulting in an impairment loss of \$4,415,637. During the year ended December 31, 2024, the Company wrote-off \$126,602 to Exploration and Evaluation expenses related to the Coriorcco property.

During the year ended December 31, 2024, the Company has not capitalized any exploration expenditures incurred in Coriorcco and Las Antas property.

b) Lily 19 Claims, Peru

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

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

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

EXPLORATION EXPENDITURES

	For the year ended December 31, 2024	For the year ended December 31, 2023
Geological consulting	\$ 66,954	\$ 57,602
Concession payments	21,511	38,290
Other	135,837	166,353
Peru	\$ 224,302	\$ 262,245

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8. PROPERTY AND EQUIPMENT

COST	As at December 31, 2023	Purchases and reclassifications	Foreign exchange impact	As at December 31, 2024
Building and facilities	\$ 339,366	\$ 99,406	\$ (19,857)	\$ 418,916
Machinery and equipment	2,004,676	92,722	(94,917)	2,002,481
Vehicles	17,460	-	(790)	16,670
Furniture and fixtures	48,178	-	(2,180)	45,997
Other equipment	533,935	7,268	(24,492)	516,711
Plant	5,272,541	1,913,771	(325,215)	6,861,097
Assets under construction	628,147	25,000	(29,558)	623,589
	\$ 8,844,304	\$ 2,138,167	\$ (497,009)	\$ 10,485,462

ACCUMULATED DEPRECIATION	As at December 31, 2023	Depreciation	Foreign exchange impact	As at December 31, 2024
Building and facilities	\$ 24,404	\$ 17,082	\$ (1,877)	\$ 39,608
Machinery and equipment	672,141	448,475	(50,713)	1,069,903
Vehicles	10,511	3,251	(623)	13,139
Furniture and fixtures	12,461	5,752	(824)	17,389
Other equipment	151,336	117,336	(12,159)	256,514
Plant	796,250	1,147,978	(87,986)	1,856,242
	\$ 1,667,103	\$ 1,739,874	\$ (154,182)	\$ 3,252,795

NET CARRYING VALUE	As at December 31, 2024	As at December 31, 2023
Building and facilities	\$ 379,307	\$ 314,963
Machinery and equipment	932,578	1,332,535
Vehicles	3,531	6,950
Furniture and fixtures	28,609	35,717
Other equipment	260,197	382,599
Plant	5,004,855	4,476,291
Asset under construction	623,589	628,147
	\$ 7,232,667	\$ 7,177,201

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

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9. 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. During the year ended December 31, 2024, the Company cancelled a lease agreement for office space previously recognized under IFRS 16. This cancellation led to the derecognition of the right-of-use asset with a net book value of \$125,040. Additionally, the lease liability of \$166,270 was derecognized, resulting in a gain of \$41,230, which was recognized in the statement of profit or loss under 'Other Income'.

On January 10, 2024, the Company entered into a new lease agreement for office space with a two-year term and monthly payment of \$2,150, using an implicit interest rate of 15% per annum. The present value of the lease payments resulted in a right-of-use asset and lease liability of \$48,896.

Right of use assets associated with the Company's lease obligation as at December 31, 2024:

a) Right-of-Use Asset

	December 31, 2024	December 31, 2023
Opening balance	\$ 309,434	\$ 599,723
Additions during the year	48,896	-
Written off during the year	(125,040)	-
Less: depreciation	(208,843)	(290,289)
	\$ 24,447	\$ 309,434

b) Lease Obligations

	December 31, 2024	December 31, 2023
Opening balance	\$ 320,891	\$ 570,298
Additions during the year	48,896	-
Written off during the year	(166,270)	-
Plus: interest	12,789	69,077
Less: lease payments	(29,800)	(318,484)
	\$ 186,506	\$ 320,891

Discounted lease obligation associated with the Company's lease obligation as at December 31, 2024:

	December 31, 2024	December 31, 2023
Current	\$ 186,506	\$ 202,459
Long term	-	118,432
Total discounted lease obligation	\$ 186,506	\$ 320,891

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9. LEASES (continued...)

Undiscounted lease obligation associated with the Company's lease obligation as at December 31, 2024:

	December 31, 2024	December 31, 2023
Within a year	\$ 188,485	\$ 226,728
Later than a year	-	116,000
Total undiscounted lease obligation	\$ 188,485	\$ 342,728

10. MINERAL PROPERTY

As at December 31, 2022	\$ 36,627,909
ARO adjustments	194,001
Property additions	3,751,632
Royalties received	(2,420,000)
Depreciation and amortization	(937,077)
Foreign exchange	(214,981)
As at December 31, 2023	\$ 37,001,484
Property additions	3,499,189
Depreciation and amortization	(2,519,024)
Write-off during the year	(126,602)
Foreign exchange	(252,016)
As at December 31, 2024	\$ 37,603,031

During the year ended December 31, 2024, the Company incurred \$3,499,189 (December 31, 2023: \$3,751,632) in further developing the Nueva Recuperada Project. During the year, the Company wrote off \$126,602 to Exploration and Evaluation expenses related to the Coriorcco property that was fully impaired in the year ended December 31, 2023.

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.

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade payable	\$ 9,565,001	\$ 11,956,623
Accrued liabilities	9,840,116	8,304,369
	\$ 19,405,117	\$ 20,260,992
Non-current	(277,204)	(717,996)
Current	19,127,913	19,542,996

- a) In the current year the Company approved a settlement with a vendor in shares and cash. During 2024, the Company settled \$2,681,458 of accounts payable through the issuance of 6,000,000 common shares valued at the current market price of C\$0.24 per share and \$500,00 in cash. The settlement of accounts payable balances resulted in a gain of \$1,132,260. The Company incurred \$11,018 of share issuance costs on the settlement.

12. DEBENTURES

	December 31, 2024	December 31, 2023
Trafigura Peru S.A.C. (i)	\$ 2,473,850	\$ 984,836
Blanco SAFI S.A.C (ii)	276,317	226,811
Herr - Glass (iii)	212,764	213,178
Other	8,040	16,952
	\$ 2,970,971	\$ 1,441,777
Non-current (i)	700,000	-
Current	2,270,971	1,441,777

- i) On December 20, 2024, the Company entered into a contract for a loan of \$1,400,000 to be repaid in 25 months from January 2025 to December 2026, with December 2024 being considered a grace period. Under the agreement, monthly payments began in January 2025 and will consist of 24 installments of \$58,333.33. The loan bears interest at 6.0% + SOFR (3M) per year. The remaining balance is related to a short-term line of credit with the lender. The line of credit bears interest at 5.5% + Libor.
- ii) On June 14, 2024, both parties agreed to restructure the debt, including any unpaid interest. The debt will be repaid in 10 equal monthly installments of \$34,506, starting from July 19, 2024, to April 18, 2025, with the interest rate increased from 1.5% to 2.0%.
- iii) The loan bears an interest of 5% per annum with a private lender, and is due as at December 9, 2022. As at December 31, 2024, the loan is still outstanding, the Company is still under negotiations with the lender to extend the maturity date and agree upon a revised repayment schedule.

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13. 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, 2024 (December 31, 2023: \$2.6M), over a period of 6-15 years, using an inflation rate of 3.7% (December 31, 2023 – 4%) and discounted using risk-free rates of 5.6%-6.8% (December 31, 2023: 6.8%) per annum. The Company has a reclamation bond in place for \$1.3M, which matures on January 14, 2026.

	Total
As at December 31, 2022	\$ 1,941,567
Accretion	82,404
Foreign exchange and other	194,001
As at December 31, 2023	\$ 2,217,972
Accretion	82,404
Foreign exchange and other	78,271
As at December 31, 2024	\$ 2,378,647

14. 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, 2024

- a) On December 2, 2024, 175,000 common shares were issued in relation to the vesting of RSUs.
- b) On October 24 2024, 25,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.25 for total proceeds of \$4,491.
- c) On October 30 2024, 66,500 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.30 for total proceeds of \$14,336.
- d) On August 20, 2024, the Company issued 1,261,956 common shares at a price of C\$0.23 per share, resulting in a share-based payment of \$213,355. These shares were issued to a former officer as part of a severance agreement. The Company incurred share issuance costs amounting to \$1,802.
- e) On April 4, 2024, the Company closed the first tranche of a non-brokered private placement offering (the "Private Placement") with the placement of 6,156,199 units (the "Units") at a price of C\$0.18 per Unit for gross proceeds of \$808,750 (C\$1,108,116). On April 12, 2024, the Company closed the second and final tranche of the Private Placement with the placement of 21,621,577 units at a price of C\$0.18 per Unit for gross proceeds of \$2,840,462 (C\$3,891,884). In total, the Company placed 27,777,776 units for aggregate proceeds of \$3,562,255, net of \$86,956 share issuance cost.

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

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

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

- f) On April 12, 2024, the Company settled \$2,181,458 of accounts payable through the issuance of 6,000,000 common shares valued at the current market price of C\$0.24 per share. The settlement of accounts payable balances resulted in a gain of \$1,132,260. The Company incurred \$11,018 of share issuance costs on the settlement.

During the year ended December 31, 2023

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

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

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

Warrants

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

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2022	8,616,827	C\$0.38
Granted	8,797,895	C\$0.45
Exercised	(469,000)	C\$0.33
Expired	(1,466,908)	C\$0.60
Outstanding warrants, December 31, 2023	15,478,814	C\$0.40
Granted	14,271,729	C\$0.30
Exercised	(66,500)	C\$0.21
Expired	(6,680,919)	C\$0.33
Outstanding warrants, December 31, 2024	23,003,124	C\$0.36

As at December 31, 2024, warrants enabling the holders to acquire common shares are as follows:

Expiry date	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
June 5, 2025	4,289,850	0.43	C\$0.45
June 5, 2025	78,003	0.43	C\$0.30
June 28, 2025	3,028,480	0.49	C\$0.45
June 28, 2025	14,562	0.49	C\$0.30
July 7, 2025	1,387,000	0.52	C\$0.45
April 4, 2027	3,121,154	2.26	C\$0.30
April 12, 2027	11,084,075	2.28	C\$0.30
	23,003,124	1.58	C\$0.36

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

Options

Option Plan

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

Share Purchase Options

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

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2022	8,525,000	C\$ 0.50
Granted	2,300,000	C\$ 0.27
Exercised	(262,500)	C\$ 0.25
Forfeited	(1,737,500)	C\$ 0.47
Outstanding options, December 31, 2023	8,825,000	C\$ 0.46
Exercised	(25,000)	C\$ 0.25
Forfeited	(2,875,000)	C\$ 0.50
Outstanding options, December 31, 2024	5,925,000	C\$ 0.43

As at December 31, 2024, options enabling the holders to acquire common shares are as follows:

Expiry date	Number of options	Number of vested options	Weighted average remaining life in years	Weighted average exercise price
June 24, 2025	150,000	150,000	0.48	C\$ 0.27
November 2, 2025	125,000	125,000	0.84	C\$ 0.70
June 21, 2026	2,000,000	2,000,000	1.47	C\$ 0.60
August 23, 2026	850,000	850,000	1.64	C\$ 0.60
August 9, 2027	800,000	800,000	2.61	C\$ 0.25
November 4, 2027	350,000	350,000	2.84	C\$ 0.23
November 30, 2026	250,000	250,000	1.92	C\$ 0.27
November 30, 2028	1,400,000	1,400,000	3.92	C\$ 0.27
	5,925,000	5,925,000	2.29	C\$ 0.43

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

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

Grant Date	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, 2024, the share-based compensation expense related to options was \$102,115 (year ended December 31, 2023 – \$257,039).

Restricted Share Units ("RSU")

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

	Number of RSUs
Outstanding RSUs, December 31, 2022	250,000
Granted	295,000
Forfeited	(70,000)
Vested	(250,000)
Outstanding RSUs, December 31, 2023	225,000
Forfeited	(50,000)
Vested	(175,000)
Outstanding RSUs, December 31, 2024	-

For the year ended December 31, 2024, share-based compensation expense related to RSUs was \$30,158 (year ended December 31, 2023 – \$31,790).

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15. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the year ended December 31, 2024, consist of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Mysterybelle Ltd (Director)	Director fees
Altitude Exploraciones (Director, Officer)	Exploration and evaluation expenses
Vihren Management LTD. (Former Officer)	Compensation expense
Freddy Mayor (Former Officer)	Compensation expense
Catapult Consulting Corp (Former Officer)	Compensation expense and professional fees
Serebro Corp. (Director, Officer)	Compensation expense
Darryl Cardey (Officer)	Director fees
David Gleit (Officer)	Compensation expense

As at December 31, 2024, the Company had \$40,470 outstanding in accounts payables and accrued liabilities (December 31, 2023 – \$461,384) and \$93,499 outstanding in supplier advances associated with related parties (December 31, 2023 - \$98,586).

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 the amounts discussed above, is comprised of:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Compensation expense	\$ 684,778	\$ 683,860
Consulting fees	67,893	154,546
Directors' fees	101,082	130,590
Share based payment	329,224	288,830
	\$ 1,182,977	\$ 1,257,826

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16. 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, 2024, the mineral property interests are located in Peru.

December 31, 2024	Canada – Corporate		Peru	Total		
Cash and cash equivalents	\$	134,442	\$	649,987	\$	784,429
Inventory		-		495,701		495,701
Receivables		35,012		6,082,381		6,117,393
Prepaid		220,584		-		220,584
		390,038		7,228,069		7,618,107
Mineral Property		-		37,603,031		37,603,031
ROU Assets		-		24,447		24,447
Equipment		-		7,232,667		7,232,667
Receivable – non current		-		1,317,072		1,317,072
Total assets	\$	390,038	\$	53,405,286	\$	53,795,324

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

	Canada – Corporate		Peru	Total		
Net loss – year ended December 31, 2024	\$	(3,124,421)	\$	(1,326,801)	\$	(4,451,222)
Net loss – year ended December 31, 2023	\$	(9,578,766)	\$	(2,852,322)	\$	(12,431,088)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

General Objectives, Policies and Processes

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

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

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

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

Commodity Price Risk

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

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17. 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, 2024, are set out in the following table:

December 31, 2024	Canadian Dollar	US Dollar	Peruvian SOL	Total (USD)
Cash and cash equivalents	\$ 1,522	\$ 782,907	\$ -	784,429
Receivables	35,012	5,621,415	460,966	6,117,393
	36,534	6,404,322	460,966	6,901,822
Accounts payables and accruals	(327,538)	(11,476,013)	(7,324,361)	(19,127,913)
Lease	-	(186,506)	-	(186,506)
Debenture	-	(2,962,903)	(8,068)	(2,970,971)
Net asset (liabilities)	\$ (291,005)	\$ (8,221,100)	\$ (6,871,463)	\$ (15,383,568)

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

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

The Company's reported results will be affected by fluctuations in the Canadian dollar to US Dollar and Peruvian SOL to US Dollar exchange rate. As at December 31, 2024, a 10% appreciation of the Canadian Dollar relative to the US Dollars would have increased net financial liability by approximately \$32,000 (December 31, 2023 - \$28,000). A 10% appreciation 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 liability by approximately \$625,000 (December 31, 2023 - \$1,432,000) and a 10% appreciation 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.

17. 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, 2024, a 1% change in market interest rates would result in no material change in value of the assets or liabilities of the Company.

Other Price Risk

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

Determination of Fair Value

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

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

Fair Value Hierarchy

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

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

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

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

Valuation techniques for receivables from provisional concentrate sales:

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

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18. 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, 2024. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

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

19. 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, 2024	For the year ended December 31, 2023
Loss for the year	\$ (3,412,222)	\$ (10,789,088)
Canadian statutory tax rate	27%	27%
Income tax (recovery) expense computed at statutory tax rates	(921,000)	(2,913,000)
Change in statutory, foreign tax, foreign exchange rates	(33,000)	1,268,000
Permanent differences and other	(91,000)	547,000
Share issue costs	(34,000)	(16,000)
Unused tax losses and tax offsets	2,118,000	2,756,000
	\$ 1,039,000	\$ 1,642,000

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19. TAX PROVISION (continued...)

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:

	As at December 31, 2024	As at December 31, 2023
Mineral property	\$ (10,165,186)	\$ (10,163,063)
Property and equipment	24,589	50,000
Non-capital losses	188,860	1,200,326
	\$ (9,951,737)	\$ (8,912,737)

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, 2024	As at December 31, 2023
Non-capital losses	\$ 33,590,000	\$ 27,808,000
Capital losses	1,225,000	1,329,000
Exploration and evaluation assets	367,000	261,000
Share issue costs	355,000	522,000
Property and equipment	340,000	60,000
Asset retirement obligation	2,379,000	2,218,000
Unrecognized future deductible amounts	\$ 38,256,000	\$ 32,198,000

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

	Canada	US	Peru	Total
2029	\$ -	\$ -	\$ -	\$ -
2030	-	-	-	-
2031	139,072	-	-	139,072
2032	628,061	-	-	628,061
2033	970,885	-	-	970,885
2034	427,856	693,504	-	1,121,360
2035	402,769	1,101,065	-	1,503,834
2036	260,965	-	-	260,965
2037	279,120	94,383	-	373,503
2038	261,013	15,118	-	276,131
2039	215,052	47,926	-	262,978
2040	2,044,590	-	-	2,044,590
2041	2,727,978	6,811	-	2,734,789
2042	2,345,191	228	-	2,345,419
2043	2,726,754	-	-	2,726,754
2044	2,707,538	3,071	-	2,710,609
No expiry	-	-	12,220,216	12,220,216
	\$ 16,136,843	\$ 1,962,106	\$ 12,220,216	\$ 30,319,166

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20. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended December 31, 2024	For the year ended December 31, 2023
Shares issued to settle accounts payable	\$ 1,049,198	\$ -

21. SUBSEQUENT EVENTS

On February 19, 2025, the Company, in relation to the loan facility agreement, issue a loan bonus of 1,500,000 common share purchase warrants to an affiliate of Trafigura, Urion Holdings (Malta) Limited. The Warrants are subject to a hold period, under Canadian securities laws, expiring four months and one day from the date of issuance, exercisable for an equivalent number of common shares for a period of 25 months at a 25% premium to the 20-day VWAP of Silver X's shares on the TSX.V as of the day before announcing the signing date.

On March 13, 2025, the Company closed its private placement offering with the placement of 20,588,235 units (the "Units") at a price of C\$0.17 per Unit for gross proceeds of \$2,429,037 (C\$3,500,000). 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\$0.25 per share for a period of 36 months from the date of closing of the Private Placement. The Company paid its broker a commission of \$145,034 (C\$208,980), and other legal fees and disbursements of \$56,989 (C\$82,116). Furthermore, the Company issued 1,229,294 broker warrants (the "Broker Warrants"). Each Broker Warrant shall be exercisable for one Common Share at a price of C\$0.17 per Common Share at any time on or before March 13, 2028.

On March 31, 2025, the Company granted 450,000 restricted share units with a term of 1 year and 700,000 stock options to directors and officers of the Company, in accordance with the Company's omnibus incentive plan dated August 9, 2024. Each stock option will have an exercise price of C\$0.17 and will have a term of 5 years. The grant of the stock options and restricted share units is subject to TSX Venture Exchange approval.