



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

SEPTEMBER 30, 2024 AND 2023

(in thousands of United States Dollars unless stated otherwise)



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GoGold Resources Inc.

Opinion

We have audited the consolidated financial statements of GoGold Resources Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at September 30, 2024 and September 30, 2023
- the consolidated statements of operations and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2024 and September 30, 2023, and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the recoverability of in process inventory

Description of the matter

We draw attention to Notes 2(c) and 5 to the financial statements. The carrying amount of the in-process inventory is \$64,798 thousand. The Entity makes estimates of gold and silver recoverable from tailings stacked on leach pads in the determination of the carrying amount of in process inventory. The quantities of recoverable gold and silver placed on the leach pads are reconciled to the quantities of gold and silver actually recovered (metallurgical balancing), by comparing the estimate of contained ounces placed on the leach pads to actual ounces recovered. In determining the recoverability of in process inventory, the Entity's significant assumptions include future leach pad recovery rates and the grade of material stacked on the leach pads.

Why the matter is a key audit matter

We identified the evaluation of the recoverability of in process inventory as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of in process inventory and high degree of estimation uncertainty in determining the recoverability of in process inventory. In addition, significant auditor judgment was required in evaluating the results of our audit procedures and significant assumptions used by the Entity.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following: We compared the recovery rates used in calculating in process inventory to the relevant technical reports. We evaluated management's process for estimation of future leach pad recovery rates by comparing historical and current recovery rate assumptions to actual historical recoveries. We inspected a selection of the Entity's third-party lab assay reports used to determine actual tailings grades throughout the stacking and leaching process and compared the reports to amounts used in the calculation of in process inventory. We assessed the completeness and accuracy of production information, including tonnage stacked and processed, and compared the production information to the financial modeling and the rollforward of estimated recoverable in process inventory.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period 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 auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Jennifer Clement.

Halifax, Canada

December 11, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars)

	September 30 2024	September 30 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 72,030	\$ 95,233
Trade receivables	4,768	2,925
Input tax recoverable	8,642	1,228
Prepaid expenses	416	399
Inventories (Note 5)	21,827	14,593
	<u>107,683</u>	<u>114,378</u>
Non-current assets:		
Input tax recoverable	12,056	18,690
Inventories (Note 5)	47,443	32,731
Property, plant and equipment (Note 6)	47,472	48,607
Exploration and evaluation assets (Note 8)	97,778	88,017
Total assets	<u>\$ 312,432</u>	<u>\$ 302,423</u>
LIABILITIES		
Current liabilities:		
Trade and other payables	\$ 8,615	\$ 6,978
Current portion of long-term obligations (Note 9)	375	604
Current portion of onerous contract provision (Note 10)	513	460
Income taxes	5,985	4,624
	<u>15,488</u>	<u>12,666</u>
Non-current liabilities:		
Long-term obligations (Note 9)	817	1,115
Onerous contract provision (Note 10)	3,722	3,855
Derivative liability (Note 17(d))	1,443	1,176
Provision for site restoration (Note 11)	1,743	1,705
Deferred tax liability (Note 13)	4,714	349
Total liabilities	<u>27,927</u>	<u>20,866</u>
EQUITY		
Share capital (Note 12)	311,556	310,905
Contributed surplus	14,358	13,688
Accumulated other comprehensive loss	(8,593)	(8,640)
Deficit	(32,816)	(34,396)
Total equity	<u>284,505</u>	<u>281,557</u>
Total liabilities and equity	<u>\$ 312,432</u>	<u>\$ 302,423</u>

Commitments (Note 18)

Signed on behalf of the Board:

John Turner

Phil Gaunce

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(in thousands of United States dollars, except per share amounts)

	September 30 2024	September 30 2023
For the year ended		
Revenue from mining operations	<u>\$ 36,503</u>	<u>\$ 30,260</u>
Cost of sales:		
Production costs, except amortization and depletion	24,787	20,577
Amortization and depletion	2,802	3,132
Inventory net realizable value adjustment (Note 5)	<u>(3,276)</u>	<u>10,500</u>
	<u>24,313</u>	<u>34,209</u>
General and administrative	9,024	7,714
(Gain) loss on onerous contract provision (Note 10)	<u>(64)</u>	<u>177</u>
Operating income (loss)	<u>3,230</u>	<u>(11,840)</u>
Finance costs	(589)	(637)
Foreign exchange (loss) gain	(2,551)	1,456
Loss on derivative liability (Note 17(d))	(267)	(431)
Interest income	4,824	4,428
Impairment reversal (charge) (Note 7)	<u>2,659</u>	<u>(2,980)</u>
	<u>4,076</u>	<u>1,836</u>
Net income (loss) before income taxes	7,306	(10,004)
Current income tax expense (Note 13)	1,361	2,189
Deferred income tax expense (recovery) (Note 13)	<u>4,365</u>	<u>(4,303)</u>
	<u>5,726</u>	<u>(2,114)</u>
Net income (loss)	1,580	(7,890)
Other comprehensive income:		
Foreign currency translation differences which may subsequently be cycled through net income	<u>47</u>	<u>677</u>
Total comprehensive income (loss)	<u>\$ 1,627</u>	<u>\$ (7,213)</u>
Net income (loss) per share (Note 12(h))		
Basic	\$ 0.005	\$ (0.025)
Diluted	\$ 0.005	\$ (0.025)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of United States dollars)

	September 30 2024	September 30 2023
For the year ended		
Cash provided by (used in) the following activities:		
Operating activities		
Net income (loss)	\$ 1,580	\$ (7,890)
Items not involving cash:		
Amortization and depletion	2,802	3,132
Deferred income taxes	4,365	(4,303)
Foreign exchange gain	2,551	(1,456)
Finance cost	589	637
Interest paid	(19)	(28)
Inventory net realizable value adjustment (Note 5)	(3,276)	10,500
Impairment (reversal) charge (Note 7)	(2,659)	2,980
Loss on derivative liability	267	431
(Gain) loss on onerous contract provision (Note 10)	(64)	177
Settlement of onerous contract provision by sale of Off-Take Ounces (Note 10)	(319)	(288)
Stock based compensation	2,533	1,897
	8,350	5,789
Net change in non-cash operating working capital (Note 14)	(19,028)	(13,208)
Net cash used in operating activities	(10,678)	(7,419)
Investing activities		
Exploration and evaluation expenditures (Note 8)	(9,992)	(13,863)
Purchase of property, plant and equipment	(1,204)	(1,037)
Net cash used in investing activities	(11,196)	(14,900)
Financing activities		
Net proceeds on equity issuances (Note 12)	-	45,362
Proceeds on option exercises (Note 12)	238	56
Payment of stock based compensation obligations	(460)	-
Payment of DSU exercises (Note 12)	(125)	-
Payment of leases (Note 9)	(41)	(435)
Payment of long-term obligations (Note 9)	(588)	(588)
Net cash (used in) provided by financing activities	(976)	44,395
Effect of exchange rate changes on cash and cash equivalents	(353)	(187)
Net (decrease) increase in cash and cash equivalents	(23,203)	21,889
Cash and cash equivalents, beginning of year	95,233	73,344
Cash and cash equivalents, end of year	\$ 72,030	\$ 95,233



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of United States dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance at September 30, 2022	295,706,006	\$ 264,044	\$ 12,110	\$ (9,317)	\$ (26,506)	\$ 240,331
Net loss	-	-	-	-	(7,890)	(7,890)
Other comprehensive income	-	-	-	677	-	677
Options exercised (Note 12)	938,755	241	(147)	-	-	94
Stock based compensation (Note 12)	-	-	1,725	-	-	1,725
Shares issued, net of issuance costs (Note 12)	29,843,750	46,620	-	-	-	46,620
Balance at September 30, 2023	326,488,511	\$ 310,905	\$ 13,688	\$ (8,640)	\$ (34,396)	\$ 281,557
Net income	-	-	-	-	1,580	1,580
Other comprehensive income	-	-	-	47	-	47
Options exercised	2,538,750	378	(395)	-	-	(17)
DSU exercised	450,000	228	(353)	-	-	(125)
Stock based compensation (Note 12)	-	-	1,418	-	-	1,418
Shares issued, net of issuance costs (Note 12)	50,000	45	-	-	-	45
Balance at September 30, 2024	329,527,261	\$ 311,556	\$ 14,358	\$ (8,593)	\$ (32,816)	\$ 284,505

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2024 and 2023

(in thousands of United States dollars unless otherwise stated)

1. NATURE OF OPERATIONS

GoGold Resources Inc. (the “Corporation”) is a company domiciled in Canada. The address of the Corporation’s registered office is #1301-2000 Barrington Street, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1. The Corporation’s common shares are listed on the Toronto Stock Exchange trading under the symbol GGD and the OTCQX market in the United States under the symbol GLGDF. The consolidated financial statements of the Corporation comprise the Corporation and its subsidiaries. The principal business of the Corporation is the exploration, development, and production of silver, gold and copper primarily in Mexico.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards.

These financial statements were approved by the Board of Directors on December 11, 2024

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value through profit or loss. These consolidated financial statements are presented in United States dollars (“US dollars”, “USD”).

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Judgment is used mainly in determining whether a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgments and estimates are often interrelated. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements as well as estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate of recoverability for non-financial assets:

Events or changes in circumstances may give rise to significant impairment charges or reversals of impairment in a particular year. In accordance with the Corporation’s accounting policy, each non-financial asset or cash-generating unit (“CGU”) is evaluated each reporting period to determine whether there are any indications of impairment or impairment reversals, which would include a significant decline or increase in the asset’s economic performance, change in resources and/or reserves as a result of geological re-assessment or change in timing of extraction of mineral resources and/or reserves which would result in a change in the discounted cash flow obtained from the site, and changing metal prices or input cost prices than would have been expected since the most recent valuation of the asset.

Significant judgments involve determining whether an indicator of impairment or impairment reversal exists and in identifying the appropriate asset or CGU. There is estimation uncertainty in the assumptions made over future gold and silver prices, estimate of recoverable mineral resources and reserves, operating costs, discount rate and future foreign exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2024 and 2023

(in thousands of United States dollars unless otherwise stated)

Exploration and evaluation assets:

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for mineral properties. The technical feasibility and commercial viability is based on management's evaluation of the geological properties of an ore body based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and economic assessment whether the ore body can be mined economically. Once technical feasibility and commercial viability of a mineral property can be demonstrated, exploration costs will be assessed for impairment and reclassified to property, plant and equipment and subject to different accounting treatment.

Input tax recoverable:

The Corporation makes estimates and judgments on the timing of the collection of value added taxes receivable from the Federal Governments of Mexico and Canada which are required to determine the presentation of current and non-current input tax recoverable. Determination on the timing of the collection is based on communication with the government, past experience and management's judgment.

Inventory – in process:

The Corporation makes estimates of gold and silver recoverable from tailings stacked on leach pads in the determination of the carrying amount of in process inventory. The significant assumptions involved in determining the estimates include leach pad recovery rates and the grade of material stacked on the leach pads. The quantities of recoverable gold and silver placed on the leach pads are reconciled to the quantities of gold and silver actually recovered (metallurgical balancing), by comparing the estimate of contained ounces placed on the leach pads to actual ounces recovered. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold and silver from a leach pad, and the timing of the recovery, will not be known until the leaching process is completed.

Inventory – valuation:

The Corporation values inventory at the lower of cost and net realizable value. The calculation of net realizable value relies on forecasted metal prices, forecasted exchange rates, estimated costs to complete the processing of in process inventory, and assumptions on the timing of future metal production from inventory.

Onerous contract provision:

The Corporation makes estimates for the timing and amount of future cash flows related to the Corporation's onerous contract. These estimates require extensive judgment regarding future silver and gold prices, future operating and capital costs, production rates, and discount rates. The calculation of this provision involves the use of estimates including, but not limited to, future silver and gold prices, future operating and capital costs, production and recovery rates, and discount rates. These actual results can vary significantly from these estimates with consequent variability in the amounts of the provision recorded. The onerous contract provision is calculated by taking the expected future costs that will be incurred directly related to the contract and deducting the estimated revenues.

Share-based payments:

The Corporation issues equity-settled share-based payments in the form of stock options and certain deferred share units to certain employees, directors, and third parties outside the Corporation. Equity-settled share-based payments issued to employees and directors are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields based on information available at the time the fair value is measured. Share-based payments issued to third parties are measured at the fair value of the goods or services received, except when the fair value cannot be determined reliably, they are measured at the fair value of the equity instruments granted.

The Corporation also issues cash-settled share-based payments in the form of restricted share units and certain deferred share units to certain employees and consultants. Cash-settled share-based payments are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of grant. As each restricted share unit or deferred share unit is equal to the value of one common share of the Corporation, fair value is based on the value of a common share. At each reporting period, the value of the outstanding restricted or deferred share units are revalued based on the fair value with any changes in fair value recognized in profit or loss for the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2024 and 2023

(in thousands of United States dollars unless otherwise stated)

Taxation:

The Corporation's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of operations.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements are presented in USD and include the accounts of the Corporation and the following 100% owned subsidiaries:

Company	Principal activity	Country of incorporation	Functional currency
Mexican Gold Holdings Corporation Incorporated	Holding company	Canada	CAD
North American Gold Holdings Corporation Incorporated	Holding company	Canada	CAD
Minera CM Jalisco, S.A. de C.V.	Gold and silver exploration	Mexico	USD
TMXI Resources S.A. de C.V.	Gold and silver exploration	Mexico	MXN
Absolute Gold Holdings Incorporated	Holding company	Canada	CAD
AGHI Holdings Incorporated	Holding company	Canada	CAD
Grupo Coanzamex S.A. de C.V.	Gold and silver production	Mexico	USD
Coanzamex Servicios S.A. de C.V.	Gold and silver production	Mexico	USD
Servicios de Procesamiento Manufactura y Logística Coanzamex S.A. de C.V.	Gold and silver production	Mexico	USD
GoGold Resources Inc.	Corporate support	Canada	CAD

i) Subsidiaries

Subsidiaries are entities over which the Corporation has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a corporation controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation and cease to be consolidated from the date on which control is transferred out of the Corporation. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(in thousands of United States dollars unless otherwise stated)

ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

i) Foreign currency transactions

Transactions in currencies other than each entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii) Foreign operations

These consolidated financial statements are presented in USD. The results and financial position of all the Corporation's entities that have a functional currency different from the USD presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates; and
- all resulting exchange differences are recognized within Accumulated Other Comprehensive Income ("AOCI") which is a separate component of equity.

On the loss of control of a foreign operation, all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are recognized in the income statement as part of the gain or loss on loss of control.

Fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in AOCI.

c) Financial instruments

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes party to the contractual provisions of the instruments. A financial asset is derecognized either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial assets or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

The Corporation's financial instruments are measured at fair market value on initial recognition and then are subsequently measured as follows:

- Cash and equivalents include cash, term deposits, treasury bills and money market investments with original maturities of less than 90 days and are classified as, and measured at, fair value through profit or loss.
- Trade receivables are classified as and measured at fair value through profit or loss using the effective interest method less any allowance for impairment.
- Marketable securities, including equity instruments, are designated as fair value through profit or loss and are initially recorded at fair value on settlement date, net of transaction costs. Subsequent to initial recognition, changes in fair value are recognized in income.
- Derivative financial instruments are recorded at fair value through profit or loss. Subsequent to initial recognition, changes in estimated fair value at each reporting date are recognized through profit or loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2024 and 2023

(in thousands of United States dollars unless otherwise stated)

- Trade and other payables, term loans and long term debt are classified and measured at amortized cost. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

d) Exploration and evaluation assets

Pre-exploration expenditures are expensed as incurred.

All direct costs related to the acquisition and exploration of resource property interests are capitalized by property. Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to the exploration or evaluation of a project. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are directly related to operational activities in a particular area of interest.

Exploration and evaluation assets are initially measured at cost and classified as tangible assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Where a project is determined to be technically viable and commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant exploration and evaluation asset or CGU is tested for impairment and the balance is reclassified as a development asset in property, plant and equipment. A project is considered to be technically viable and commercially feasible when a full technical report is prepared, construction financing is arranged, and board approval to proceed with construction is obtained.

e) Property, plant and equipment

Recognition and measurement

Land is stated at historical cost. All other items of property, plant and equipment are measured at historical cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and capitalized interest and any other costs directly attributable to bringing the assets to working condition for their intended use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

The carrying amount of any replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Amortization

Amortization of plant and equipment is calculated using the straight-line method, or unit-of-production method if that is more reflective of the usage, to allocate their cost net of their residual values, over the shorter of their estimated useful lives and the life of mine. Amortization commences when the asset is fully constructed and available for use. Amortization methods, useful

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lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate. Amortization categories and useful lives for items included in plant and equipment are as follows:

Asset	Useful life
Buildings & infrastructure	9 years
Office equipment	3 years
Other equipment	3 years
Process plant	Unit-of-production
Vehicles	4 years

Development assets

Development assets include costs transferred from exploration and evaluation assets once technical feasibility or commercial viability of an area of interest are demonstrable, and development assets also includes subsequent costs to develop the mine to the production phase. Once commercial production is achieved, development assets are reclassified to mining properties or plant and equipment.

Mining Properties

Mining properties include costs transferred from development assets once commercial production has been achieved for the area of interest, and mining properties also includes subsequent costs incurred in further developing the area of interest.

Depletion of mining properties is calculated on the basis of units of production and commences when the mine starts commercial production. Depletion is based on assessments of measured and indicated reserves and the portion of resources expected to be added to be reserves available to be mined by the current production equipment to the extent that such reserves are considered to be economically recoverable.

f) Impairment of non-financial assets

At each reporting date, the net carrying amounts of property, plant and equipment are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, and an impairment charge is recognized in profit or loss in the fiscal year in which this is determined. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognized. As a result, a reversal is recognized in profit or loss.

g) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax 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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. The principal temporary differences arise from amortization and depletion on property, plant and equipment, tax losses carried forward and fair value adjustments on assets acquired in business combinations.

h) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments on the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Corporation's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-market vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

i) Earnings per share

The Corporation presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential common shares. All share options are currently anti-dilutive. As a result basic and diluted earnings per share are the same.

j) Reclamation liabilities

Provisions for environmental restoration are recognized when: (i) the Corporation has a present legal or constructive obligation as a result of past exploration, development or production events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions do not include any additional obligations which are expected to arise from future disturbance. Provisions are measured at each reporting date at the present value of the expenditures estimated to settle the obligation.

k) Inventories

Finished goods inventory

Finished goods inventory consists of silver, gold, and copper precipitate or doré bars, and is valued at the lower of average cost and net realizable value.

Ore in process inventory

Ore in process inventory is measured at the lower of cost and net realizable value. The recovery of gold and silver is achieved through milling and heap leaching processes. Costs are added to in process inventory based on the current processing cost, including applicable overhead, depletion and amortization relating to mining and processing operations. Costs are removed

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from in process inventory as ounces are recovered, based on the average cost per recoverable ounce of gold and silver in ore in process inventory.

Supplies inventory

Supplies inventory consists of processing supplies and consumables used in the operation of the project, and is valued at the lower of average cost and net realizable value.

l) Revenue recognition

Revenue from the sale of gold, silver and copper contained in doré or precipitate is recognized when contracts with customers have been identified, performance obligations in the contract have been identified, transaction price is reasonably estimable, transaction price is allocated to the performance obligations in the contract, and performance obligation in the contract is satisfied. Generally, the performance obligations of the contract are met once shipments are received by the customer. Revenue is measured at the fair value of the consideration received or receivable and may be subject to adjustment once final weights and assays are determined. The Corporation has an Off-Take Agreement whereby it sells 2.4% of all the refined gold and refined silver produced at Parral over the life of the operation at a price equal to 30% of the prevailing market price.

m) Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. The Corporation establishes provisions, based on various factors and estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. Differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the country of domicile.

4. ACCOUNTING CHANGES AND RECENT PRONOUNCEMENTS

a) Accounting changes

The Corporation adopted the following accounting standard during the year:

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements* providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments were effective for annual periods beginning on or after January 1, 2023 (for the Corporation's annual period ended September 30, 2024) and are to be applied retrospectively, with early adoption permitted. The Corporation adopted the amended standard on October 1, 2023, with no financial impact.

b) Upcoming standards

The IASB issued the following standards that have not been applied in preparing these consolidated financial statements as their effective date falls within periods beginning subsequent to the current reporting period.

IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

In May 2023, the IASB issued an amendment to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* relating to supplier finance agreements. The amendment requires additional disclosure of supplier finance arrangements, including the terms and conditions, carrying amounts, and payment due dates. The amendment is effective for annual periods beginning on or after January 1, 2024 (for the Corporation's annual period ending September 30, 2025), with

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earlier adoption permitted. As the Corporation does not have any of these arrangements, the application of this amendment is expected to have no impact on the financial statements, and will apply the amendments at the effective date.

5. INVENTORIES

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Current:		
Supplies inventory	\$ 1,481	\$ 1,948
In process inventory	17,355	11,013
Finished goods inventory	2,991	1,632
	<u>21,827</u>	<u>14,593</u>
Long term:		
In process inventory	47,443	32,731
	<u>\$ 69,270</u>	<u>\$ 47,324</u>

The amount of inventory included in cost of sales was \$24,313 (2023 – \$34,209). An assessment of the net realizable value of in process inventory was completed at each period end within the year ended September 30, 2024 which resulted in an increase of the carrying value of in process inventory by \$3,276 (2023 – reduction of \$10,500), of which \$326 (2023 – \$1,384) was related to previously capitalized amortization and depletion. The calculation of net realizable value of inventory is sensitive to fluctuations in the consensus future silver and gold prices, a change of 5% in future price would result in an estimated change in carrying value of \$4,011.

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6. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Equipment	Mining Properties	Total
At September 30, 2022	\$ 50,287	\$ 59,955	\$ 110,242
Additions	1,107	36	1,143
Disposals	(109)	-	(109)
Reclamation obligation adjustments	-	(838)	(838)
At September 30, 2023	51,285	59,153	110,438
Additions	1,169	35	1,204
Reclamation obligation adjustments	-	10	10
At September 30, 2024	\$ 52,454	\$ 59,198	\$ 111,652

Accumulated Amortization and Impairment	Plant & Equipment	Mining Properties	Total
At September 30, 2022	\$ 30,315	\$ 26,574	\$ 56,889
Amortization and depletion	910	1,161	2,071
Impairment (Note 7)	-	2,980	2,980
Disposals	(109)	-	(109)
At September 30, 2023	31,116	30,715	61,831
Amortization and depletion	2,185	2,823	5,008
Impairment reversal (Note 7)	-	(2,659)	(2,659)
At September 30, 2024	\$ 33,301	\$ 30,879	\$ 64,180

Net Carrying Value	Plant & Equipment	Mining Properties	Total
At September 30, 2023	\$ 20,169	\$ 28,438	\$ 48,607
At September 30, 2024	\$ 19,153	\$ 28,319	\$ 47,472

For the year ended September 30, 2024, amortization and depletion of \$2,200 was capitalized to (2023 – \$1,061 was expensed from) in process inventory. Disclosures related to right of use assets are shown in the following table:

Right of Use Assets	Plant & Equipment	Mining Properties	Total
Net Carrying Value – September 30, 2023	\$ 83	\$ 1,129	\$ 1,212
Net Carrying Value – September 30, 2024	47	995	1,042
Amortization and depletion expensed – 2023	30	50	80
Amortization and depletion expensed – 2024	36	134	170

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7. IMPAIRMENT

In accordance with the Corporation's accounting policy, non-financial assets are reviewed at each reporting date to determine whether there are any indicators of impairment. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

At September 30, 2023, the Corporation determined that a decline in results at the Parral project, which is a CGU, constituted an indicator of potential impairment. Therefore, the Corporation completed an impairment assessment whereby the carrying value was compared to its recoverable amount. The recoverable amount was determined as the higher of value in use and fair value less costs of disposal ("FVLCD"), which was determined using an after-tax discounted future cash flow valuation model. The Corporation's estimate of the FVLCD is classified as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique. As a result of the impairment assessment the Corporation recognized a non-cash impairment loss of \$2,980 at September 30, 2023 on property, plant and equipment related to the Parral project CGU.

At September 30, 2024, the Corporation determined that an increase in gold and silver prices indicated that the above impairment may be an indicator of reversal of impairment. Therefore, the Corporation completed an assessment whereby the recoverable amount was calculated using the same methodologies described above. As a result, the Corporation recognized a non-cash impairment reversal of \$2,659 at September 30, 2024 on property, plant and equipment related to the Parral project CGU. The reversal amount recorded was determined as the lower of the recoverable amount calculated and the carrying amount of the previously recorded impairment, net of amortization.

The discounted future cash flow valuation model used for the impairment assessments is significantly affected by changes in assumptions for future gold and silver prices, operating costs, estimate of recoverable mineral resources and reserves, discount rate, and future foreign exchange rates. The determination of fair value includes the following key applicable assumptions:

- Silver price per ounce based on industry annual consensus future pricing between \$25.50 and \$29.25 (2023 – \$23.00 and \$24.00)
- Gold price per ounce based on industry annual consensus future pricing between \$2,000 and \$2,362 (2023 – \$1,700 and \$1,940)
- USD and MXN foreign exchange rates based on publicly available third-party sources between 19.2 and 19.4 (2023 – 17.5 and 19.2)
- Operating costs based on historical costs incurred and estimated forecasts
- Recoveries based on historical rates and estimated forecasts
- After-tax discount rate of 7%

The Corporation performed a sensitivity calculation to quantify the effect of a 5% change in each of the key assumptions on the FVLCD and noted the following impact on the recoverable amount and impairment charge recorded: Silver price – \$7,410 (2023 – \$6,886); Gold price – \$4,863 (2023 – \$4,472); Foreign exchange – \$4,658 (2023 – \$4,920); Operating costs – \$9,049 (2023 – \$9,085); Recovery rates – \$10,705 (2023 – \$10,374); Discount rate – \$1,553 (2023 – \$1,257). The sensitivities have been calculated independently of changes in other key variables.

8. EXPLORATION AND EVALUATION ASSETS

The Corporation's exploration and evaluation assets consist of the Los Ricos property which consists of two projects, the Los Ricos South project and the Los Ricos North project, which are approximately 25km apart.

A summary of the additions to the Los Ricos projects for the years ended September 30, 2024 and September 30, 2023 are as follows:

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	LOS RICOS NORTH			LOS RICOS SOUTH			TOTAL		
	Cash Settled	Share Settled	Total	Cash Settled	Share Settled	Total	Cash Settled	Share Settled	Total
At September 30, 2022	\$ 40,782	\$ 2,676	\$ 43,458	\$ 21,628	\$ 8,206	\$ 29,834	\$ 62,410	\$ 10,882	\$ 73,292
Concession requirements	1,324	601	1,925	1,465	657	2,122	2,789	1,258	4,047
Drilling, exploration and consulting	2,096	81	2,177	8,420	81	8,501	10,516	162	10,678
At September 30, 2023	44,202	3,358	47,560	31,513	8,944	40,457	75,715	12,302	88,017
Concession requirements	1,176	-	1,176	1,077	18	1,095	2,253	18	2,271
Drilling, exploration and consulting	668	76	744	6,626	120	6,746	7,294	196	7,490
At September 30, 2024	\$ 46,046	\$ 3,434	\$ 49,480	\$ 39,216	\$ 9,082	\$ 48,298	\$ 85,262	\$ 12,516	\$ 97,778

Cash-settled consideration includes amounts capitalized to exploration and evaluation assets which have been or will be settled in cash, while share-settled consideration includes amounts which are settled by the issuance of common shares of the Corporation. Cash-settled consideration includes \$445 (2023 - \$732) in trade and other payables at September 30, 2024.

Commitments

The Corporation has entered into multiple option agreements for certain concessions within the Los Ricos projects. During the term of the option agreements the Corporation has exclusive exploration and drilling rights on the concessions, and the Corporation has the right to terminate the agreements at any point with no further payment. The rights to certain concessions transfer to the Corporation after completion of payments under the option agreements. Details of the remaining payments required related to these option agreements are provided in Notes 9 and 18.

9. LONG TERM OBLIGATIONS

Details of the payments during the year, accretion, and remaining long term obligations at September 30, 2024 and 2023 along with the total annual payments are provided below:

	Concession		Leases		Total	
	Principal	Discounted Amount	Principal	Discounted Amount	Principal	Discounted Amount
At September 30, 2022	\$ 1,599	\$ 1,447	\$ 1,410	\$ 1,025	\$ 3,009	\$ 2,472
Principal paid	(588)	(588)	(435)	(435)	(1,023)	(1,023)
Additions	-	-	118	107	118	107
Accretion	-	85	-	78	-	163
At September 30, 2023	1,011	944	1,093	775	2,104	1,719
Principal paid	(588)	(588)	(41)	(41)	(629)	(629)
Accretion	-	48	-	54	-	102
At September 30, 2024	\$ 423	\$ 404	\$ 1,052	\$ 788	\$ 1,475	\$ 1,192

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Current:

September 30, 2025	\$ 348	\$ 337	\$ 40	\$ 38	\$ 388	\$ 375
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Long term:

September 30, 2026	75	67	12	11	88	78
September 30, 2027	-	-	-	-	-	-
September 30, 2028	-	-	500	381	500	381
September 30, 2029	-	-	500	358	500	358
	<u>75</u>	<u>67</u>	<u>1,012</u>	<u>750</u>	<u>1,088</u>	<u>817</u>

(a) Concession Agreements

The Corporation has obligations related to various concession agreements which are disclosed in the table above, are non-interest bearing and discounted using the effective interest method with an effective average interest rate of 7%.

(b) Lease obligations

The Corporation has an obligation for the land lease for the Parral project, which provides the Corporation the use of the land where the Parral heap leach and processing facilities are located until February 2028, with the Corporation's option to extend until February 2033, which the Corporation intends to exercise. Annual payments of \$400 were required to be made until February 2023. Payments of \$500 to be paid in February 2028 and \$500 to be paid in February 2029 are required to extend the lease until February 2033. The lease is non-interest bearing and discounted using the effective interest method with an effective average interest rate of 7%. There are no restrictions or covenants included in the land lease.

The Corporation had no short-term leases nor low-value leased assets for the year ended September 30, 2024.

10. ONEROUS CONTRACT PROVISION

The Corporation has an off-take agreement ("Off-Take Agreement") whereby the Corporation agreed to sell to the counterparty 2.4% of all the refined gold and refined silver produced ("Off-Take Ounces") at Parral over the remaining life of the operation at a price equal to 30% of the prevailing market price.

Consequently, as the Off-Take Ounces will be sold at 30% of the prevailing market price, the estimated unavoidable direct cost of meeting the obligations of the Off-Take Agreement exceeds the associated expected future net benefits. As a result of this an onerous contract provision has been recognized. The calculation of this provision involves the use of estimates including, but not limited to, future silver and gold prices, future operating costs, future production and recovery rates over the life of the operation, and discount rates. The actual results can vary significantly from these estimates with consequent variability in the amounts of the provision recorded. The onerous contract provision is calculated by taking the expected future costs that will be incurred under the contract and deducting the future estimated revenues. Changes in the estimate of the provision are recorded in net income each period. The onerous contract provision is settled as the Off-Take Ounces are sold each period.

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Opening provision	\$ 4,315	\$ 4,138
Accretion expense	303	288
Settlement through sale of Off-Take Ounces	(319)	(288)
Changes in estimate	(64)	177
Provision, end of year	<u>\$ 4,235</u>	<u>\$ 4,315</u>

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Current portion	\$ 513	\$ 460
Non-current	\$ 3,722	\$ 3,855

11. PROVISION FOR SITE RESTORATION

The Corporation has recorded a provision for site restoration related to the Parral project based on management's best estimate of the future cash flows associated with restoration obligations at the end of the project's life. The total undiscounted amount of estimated cash flows required to settle the obligation is \$2,490 (2023 - \$2,672). The cash flows have been inflated at an annual rate of 4.6% (2023 - 4.5%), and discounted using a pre-tax risk-free rate of 9.3% (2023 - 9.8%).

	September 30, 2024	September 30, 2023
Provision, beginning of year	\$ 1,705	\$ 2,040
Accretion expense	167	200
Foreign exchange	(137)	303
Inflation and discount rate	33	(958)
Revision to estimate	(25)	120
Provision, end of year	\$ 1,743	\$ 1,705

12. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares, without nominal or par value.

(b) Issued

The following table summarizes the changes in issued common shares of the Corporation:

	Shares	Value
Balance September 30, 2022	295,706,006	\$ 264,044
Shares issued to consultants in exchange for services and agreements	943,750	1,258
Shares issued, net of issuance costs	28,900,000	45,362
Shares issued on exercise of options	938,755	241
Balance September 30, 2023	326,488,511	310,905
Shares issued, net of issuance costs	50,000	45
Shares issued on exercise of options	2,538,750	378
Shares issued on exercise of DSUs	450,000	228
Balance September 30, 2024	329,527,261	\$ 311,556

On February 8, 2023 the Corporation closed a bought deal whereby a syndicate of underwriters purchased 28,900,000 common shares at a price of \$2.25 CAD per share for net proceeds of \$45,362 after share issuance costs of \$3,062.

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During the year, the Corporation issued nil common shares (2023 – 893,750) valued at nil (2023 - \$1,201) to consultants in exchange for services received and issued 50,000 common shares (2023 – 50,000) valued at \$45 (2023 – \$57) related to concession option agreements at Los Ricos.

(c) Omnibus equity incentive plan (“Omnibus Plan”)

The Corporation has a shareholder approved Omnibus Plan which provides the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Corporation. Share-related mechanisms include incentive stock options, deferred share units (“DSUs”), restricted share units (“RSUs”), and performance share units (“PSUs”). The Omnibus Plan replaced legacy plans including a rolling 10% incentive stock option plan, DSU plan, and RSU plan (the “Legacy Plans”). Awards granted under these legacy plans remain in place under the terms of their initial issuance.

The Omnibus Plan is a fixed plan which provides that the aggregate number of common shares that may be issued upon the exercise or settlement of awards granted, together with awards outstanding under the Legacy Plans, shall not exceed 27,500,000 common shares. Sections (d), (e), and (f) below provide details on the outstanding awards under the Omnibus Plan and Legacy Plans.

(d) Incentive stock options

The Corporation has options granted under the Omnibus and Legacy Plans. For both, the terms and conditions of each grant of options were determined by the Board of Directors. Options were granted at a price no lower than the market price of the common shares as defined in the Plans which was the five day weighted average of the Corporation’s common shares prior to the date of grant rounded up to the nearest cent. Options granted under the plans typically vested over a three year period, although the vesting period is at the Board of Directors’ discretion.

The changes in incentive stock options during the years ended September 30, 2024 and 2023 were as follows:

		September 30, 2024		September 30, 2023	
	Plan	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance		10,461,679	CAD \$ 1.21	10,223,279	CAD \$ 0.98
Granted	Omnibus	2,580,571	1.30	1,450,100	2.25
Cancelled	Legacy	-	-	(75,000)	2.42
Exercised – cashless	Legacy	(3,003,334)	0.28	(638,333)	0.44
Exercised – cash	Legacy	(708,333)	0.42	(498,367)	0.34
Closing balance		9,330,583	CAD \$ 1.60	10,461,679	CAD \$ 1.21
Exercisable		5,563,112	CAD \$ 1.52	7,823,109	CAD \$ 0.79

During the year ended September 30, 2024, a total of 1,830,417 (2023 – 440,388) shares were issued to option holders who exercised 3,003,334 (2023 – 638,333) options using the cashless manner. The average market price per common share on the days of exercise during the year ended September 30, 2024 was CAD \$1.29 (2023 - \$2.01).

The following table summarizes information concerning outstanding and exercisable incentive stock options at September 30, 2024:

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Expiry date	Plan	Outstanding		Exercisable	
		Number of options	Exercise price	Number of options	Exercise price
December 23, 2024	Legacy	2,750,000	0.70	2,750,000	0.70
December 28, 2025	Legacy	1,544,412	2.00	1,544,412	2.00
December 30, 2026	Legacy	1,005,500	3.25	683,667	3.25
December 27, 2027	Omnibus	1,450,100	2.25	510,033	2.25
December 21, 2028	Omnibus	2,495,571	1.30	75,000	1.30
May 7, 2029	Omnibus	85,000	1.45	-	-
		<u>9,330,583</u>	<u>CAD \$ 1.60</u>	<u>5,563,112</u>	<u>CAD \$ 0.79</u>

The compensation cost for the incentive stock options granted during the years ended September 30, 2024 and September 30, 2023 were determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Option grant date	<u>May 7, 2024</u>	<u>Dec. 21, 2023</u>	<u>Dec. 27, 2022</u>
Options granted	85,000	2,495,571	1,450,100
Exercise price	CAD \$ 1.45	CAD \$ 1.30	CAD \$ 2.25
Risk-free rate	3.70%	3.23%	3.37%
Expected volatility of share price	65%	66%	66%
Expected dividend yield	0.00%	0.00%	0.00%
Expected life of each option	5 years	5 years	5 years
Weighted average grant date fair value	CAD \$ 0.77	CAD \$ 0.68	CAD \$ 1.19

The expected volatility was determined based on the historical share price volatility from the date of the grant over a period of time equal to the expected life of the option. The expected forfeiture rate for all grants was nil. The above options were granted through the Omnibus Plan, which allows settlement of the option either by the issuance of common shares, cash, or a combination thereof, at the election of the Corporation. As the Corporation does not have a stated intent of which settlement method will be used, the options were accounted for based on past practice, whereby all options have been settled through the issuance of shares.

(e) Deferred share units

The Corporation's Omnibus Plan allows, and DSU Legacy Plan allowed, DSU awards which entitle the participant to receive one common share of the Corporation issued from treasury upon redemption. DSUs typically vest over a 3-year period from grant date, although the vesting period is at the Board of Directors' discretion. DSUs issued under the Omnibus Plan allow settlement of the DSU by the issuance of common shares, cash equal to the market value of the common shares at settlement, or a combination thereof, at the election of the Corporation, while Legacy Plan DSUs are only settled through common shares. As the Corporation does not have a stated intent of which settlement method will be used, the Omnibus DSUs granted in the table below were accounted for based on past practice, whereby all have been settled by cash.

The changes in DSUs for the year ended September 30, 2024 and 2023 were as follows:

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(in thousands of United States dollars unless otherwise stated)

	Plan	September 30, 2024	September 30, 2023
Opening balance		5,097,500	4,862,500
Granted	Omnibus	470,000	235,000
Exercised – for shares	Legacy	(450,000)	-
Exercised – for cash	Omnibus	(120,000)	-
Closing balance		4,997,500	5,097,500
Exercisable		4,434,167	4,478,333

Following is a summary of the DSUs outstanding at September 30, 2024 which are accounted for as equity settled:

Grant date	Plan	Number of DSUs	Market price at grant date	Compensation cost over 3-year vesting term	Unrecognized portion of compensation cost
March 27, 2018	Legacy	425,000	CAD \$ 0.425	\$ 134	\$ -
December 28, 2018	Legacy	1,250,000	0.215	204	-
June 21, 2019	Legacy	100,000	0.395	30	-
August 27, 2019	Legacy	25,000	0.620	12	-
December 23, 2019	Legacy	1,675,000	0.630	801	-
December 28, 2020	Legacy	817,500	1.950	1,247	-
December 30, 2021	Legacy	120,000	3.030	274	7
		4,412,500	CAD \$ 0.797	\$ 2,702	\$ 7

Following is a summary of the DSUs outstanding at September 30, 2024 which are accounted for as cash settled:

Grant date	Plan	Number of DSUs	Market price at grant date	Outstanding liability (USD)
December 27, 2022	Omnibus	185,000	2.11	144
December 21, 2023	Omnibus	295,000	1.23	133
May 7, 2024	Omnibus	105,000	1.37	24
		585,000	CAD \$ 1.53	\$ 301

(f) Restricted share units (“RSUs”)

The Omnibus Plan allows for, and the RSU Legacy Plan allowed for, the award of RSUs as an alternative form of compensation for employees, officers, and directors of the Corporation. Each RSU entitles the participant to receive a cash payment equal to the value of one common share of the Corporation on the vesting date, which is to be made within 30 days of vesting of each RSU. RSUs under the Legacy Plan are required to be settled in cash, while RSUs under the Omnibus Plan can be settled by the issuance of common shares, cash, or a combination thereof, at the election of the Corporation. As the Corporation does not have a stated intent of which settlement method will be used, the RSUs issued through the Omnibus Plan were accounted for based on past practice, whereby all RSUs have been settled by cash. RSUs typically vest and become exercisable over a 3-year period from the grant date, with one-third vesting on each of the first, second and third anniversaries of the grant date.

The changes in RSUs for the year ended September 30, 2024 and 2023 were as follows:

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	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Opening balance	748,522	322,516
Granted	1,020,500	524,514
Exercised	(291,226)	(98,508)
Closing balance	<u>1,477,796</u>	<u>748,522</u>
Exercisable	<u>-</u>	<u>8,997</u>

Following is a summary of the RSUs and the associated liability outstanding, which is included in trade and other payables, based on the market closing price of \$1.34 CAD per common share at September 30, 2024:

Grant date	Plan	Number of RSUs	Market price at grant date	Outstanding liability (USD)
December 30, 2021	Legacy	107,500	CAD \$ 3.03	\$ 93
December 27, 2022	Omnibus	349,796	2.11	242
December 21, 2023	Omnibus	1,020,500	1.23	444
		<u>1,477,796</u>	<u>CAD \$ 1.57</u>	<u>\$ 779</u>

(g) Stock based compensation

The Corporation has recorded total stock based compensation during the year ended September 30, 2024 and 2023 categorized as follows:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Cash-settled, through general and administrative expense	\$ 1,264	\$ 334
Equity-settled, through general and administrative expense	1,269	1,563
Equity-settled, additions to exploration and evaluation assets	149	162
	<u>\$ 2,682</u>	<u>\$ 2,059</u>

(h) Net income (loss) per share

Basic net income (loss) per share is calculated based on the weighted average number of shares outstanding during the year. Diluted net income (loss) per share is based on the assumption that stock options and DSUs have been exercised on the later of the beginning of the period and the date granted. As of September 30, 2024, nil options and nil DSUs (2023 – 4,739,129 and 5,038,267) were excluded from the computation of diluted net income per share because their effect would have been anti-dilutive. Following is a reconciliation from the weighted average number of shares outstanding to the diluted weighted average number of shares outstanding:

	<u>Sept. 30 2024</u>	<u>Sept. 30 2023</u>
Weighted average number of shares outstanding	328,275,251	315,278,594
Dilutive effect of weighted average DSUs outstanding	5,342,286	-
Dilutive effect of in-the-money options outstanding	<u>1,304,618</u>	<u>-</u>
Diluted weighted average number of shares outstanding	<u>334,922,155</u>	<u>315,278,594</u>

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13. INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and (liabilities) are presented below:

	Year ended September 30, 2024	Year ended September 30, 2023
Resource properties	\$ (5,737)	\$ (2,696)
Non-capital loss carryforwards	13,280	12,345
Inventory	(13,403)	(9,087)
Trade payables and other accruals	1,253	(242)
Unrealized foreign exchange gains	(107)	(669)
	<u>\$ (4,714)</u>	<u>\$ (349)</u>

The net change in deferred income taxes is reflected as deferred income tax expense of \$4,365 (2023 – recoveries of \$4,303) and credits to share capital of \$Nil (2023 - \$Nil) related to share issuance costs.

The deferred tax benefits related to non-capital losses totaling \$6,080 (2023 – \$2,678), capital losses of \$1,473 (2023 – Nil) and share issuance costs of \$3,014 (2023 – \$4,641) have not been recognized in the consolidated financial statements. The non-capital losses expire from 2041 to 2042.

Income taxes vary from the amount that would be computed by applying the basic Federal and Provincial tax rate of 29% (2023 – 29%) to income before taxes as follows:

	Year ended September 30, 2024	Year ended September 30, 2023
Income (loss) before income taxes	\$ 7,306	\$ (10,004)
Computed expected expense (recovery)	\$ 2,119	\$ (2,901)
Foreign tax rate differential	82	(32)
Permanent differences	1,312	2,812
Effect of foreign exchange	2,062	(3,537)
Change in unrecognized temporary differences	151	1,544
Recorded income tax expense (recovery)	<u>\$ 5,726</u>	<u>\$ (2,114)</u>

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14. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	Year ended September 30, 2024	Year ended September 30, 2023
Trade receivables	\$ (1,843)	\$ (410)
Input tax recoverable	(3,466)	(3,104)
Prepaid expenses	(40)	(51)
Inventory	(16,465)	(11,368)
Income taxes	1,361	2,189
Trade and other payables	1,425	(464)
	\$ (19,028)	\$ (13,208)

Exploration and evaluation expenditures for the year ended September 30, 2024 are presented net of decreases of \$351 (2023 – decrease of \$558) of amounts included in trade and other payables.

15. RELATED PARTY TRANSACTIONS

Compensation to directors and officers of the Corporation:

	Year ended September 30, 2024	Year ended September 30, 2023
Directors' fees	\$ 333	\$ 313
Share-based expense for directors	689	537
Key management short-term benefits	2,129	1,790
Stock based compensation expense for key management	985	804

Non-director or officer compensation expense of \$2,534 (2023 - \$2,641) is included in production costs for the year.

16. SEGMENTED INFORMATION

The Corporation's reportable segments are consistent with the Corporation's geographic regions in which the Corporation operates. In determining the Corporation's segment structure, the Corporation considered the basis on which management reviews the financial and operational performance and whether any of the Corporation's mining operations share similar economic, operational and regulatory characteristics. The Corporation considers the Parral project and the Los Ricos projects as the Mexico segment, and the Corporation's corporate offices as the Canadian segment.

The following table presents information about reportable segments:

	Mexico	Canada	Total
For the year ended September 30, 2023:			
Revenue	\$ 30,260	\$ -	\$ 30,260
Amortization and depletion	3,132	-	3,132
Interest income	-	4,428	4,428
Finance costs	633	4	637
Impairment charge	2,980	-	2,980
Segment net loss	(5,985)	(1,905)	(7,890)
Expenditures on non-current assets	14,900	-	14,900

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The following table presents information about reportable segments:

	Mexico	Canada	Total
For the year ended September 30, 2024:			
Revenue	\$ 36,503	\$ -	\$ 36,503
Amortization and depletion	2,767	35	2,802
Interest income	-	4,824	4,824
Finance costs	583	6	589
Segment net income (loss)	4,726	(3,146)	1,580
Expenditures on non-current assets	11,196	-	11,196
Reportable segment assets (September 30, 2023)	\$ 207,459	\$ 94,964	\$ 302,423
Reportable segment liabilities (September 30, 2023)	19,084	1,782	20,866
Reportable segment assets (September 30, 2024)	\$ 240,804	\$ 71,628	\$ 312,432
Reportable segment liabilities (September 30, 2024)	25,522	2,405	27,927

17. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments:

The following table provides the disclosures of the fair value and the level in the hierarchy for financial instruments valued at fair value through profit or loss on a recurring basis.

	September 30, 2024		September 30, 2023	
	Level 1	Level 2	Level 1	Level 2
Long-term obligations	-	\$ 1,192	-	\$ 1,719
Derivative liabilities	-	1,443	-	1,176

Long-term obligations are valued based on the discounted present value of the future cash flows.

Derivative liabilities are valued at fair value through profit or loss on a recurring basis. For both, the Corporation performs valuations internally and calculates a debt valuation adjustment or a credit valuation adjustment by considering the risk of non-performance by the counterparties and the Corporation's own credit risk. Valuations are based on forward rates considering the market price, rate of interest and volatility, and take into account the credit risk of the financial instrument, and are therefore classified within Level 2 of the fair value hierarchy.

(b) Capital management:

The Corporation's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and operation of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. These activities are primarily funded through operations, equity financing or debt. Potential future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds in the future, should the need arise. The Corporation invests all capital that is surplus to its immediate operational needs in high interest savings accounts and guaranteed investment certificates ("GICs").

The capital of the Corporation consists of items included in shareholders' equity and debt, net of cash as follows:

	September 30, 2024	September 30, 2023
Shareholders' equity	\$ 284,505	\$ 281,557
Less: cash	(72,030)	(95,233)
	<u>\$ 212,475</u>	<u>\$ 186,324</u>

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(c) Financial risks:

The Corporation's financial risk exposures and the impact on the Corporation's financial instruments are summarized below:

Commodity price risk

The profitability of the Corporation's mining operations is significantly affected by changes in the market price for silver, gold and copper ("Metal"). Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the Corporation's control. The supply and demand for Metal, the level of interest rates, the rate of inflation, investment decisions by large holders of Metal including governmental reserves, and the stability of exchange rates can all cause significant fluctuations in Metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, and political developments.

Credit Risk

The Corporation's credit risk is primarily attributable to cash, input tax recoverable and trade receivables. Input tax recoverable consists of harmonized sales tax due from the Federal Government of Canada of \$55 and value added tax ("VAT") receivable from the Federal Government of Mexico of \$20,643. Timing of collection on VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. The Corporation assesses the recoverability of amounts receivable at each reporting date. Changes in these estimates can materially affect the amount recognized as VAT receivable and could result in a change in net income. As at September 30, 2024, the Corporation determined the full balance to be recoverable. Significant judgment is required to determine the presentation of current and non-current input tax recoverable. Exposure on trade receivables is limited as all receivables are with two customers who the Corporation has a strong working relationship with and are reputable large international companies with a history of timely payment. Management believes the risk of loss with respect to financial instruments consisting of cash, input tax recoverable and trade receivables to be low.

Foreign Currency Risk

The Corporation's major purchases are transacted in Canadian dollars ("CAD"), US dollars ("USD"), and Mexican Pesos ("MXN"). The Corporation funds certain operations, exploration and administrative expenses in Mexico using USD and MXN currency converted from its CAD and USD bank accounts. Excess cash is invested predominantly in USD, although also held in CAD and MXN based on future spending requirements. The Corporation's subsidiaries in Mexico have a functional currency of USD, and therefore net monetary assets held in MXN in those entities are affected by foreign exchange fluctuations and will affect the Corporation's net income. At September 30, 2024, the Corporation had net monetary assets in MXN of approximately \$16,841 (September 30, 2023 – \$15,921) for which a 10% change in MXN exchange rates would change net income by approximately \$1,684.

As GoGold Resources Inc., the parent corporate entity, has a functional currency of CAD, net monetary assets held in USD are affected by foreign exchange fluctuations recorded through the Corporation's net income. At September 30, 2024, GoGold Resources Inc. had net monetary assets in USD of \$71,839 (September 30, 2023 – \$85,784), for which a 10% change in USD exchange rates would change net income by approximately \$7,184. As the Corporation's reporting currency is USD, these changes to net income attributed to fluctuations in the US exchange rates would be offset by an equal opposite change to other comprehensive income. Net monetary assets held in CAD by the parent corporation are affected by foreign exchange fluctuations recorded through other comprehensive income. At September 30, 2024, the parent corporation held net monetary assets in CAD of \$2,757 (September 30, 2023 - \$7,466), for which a 10% change in CAD exchange rates would change other comprehensive income by approximately \$276.

Interest Rate Risk

The Corporation has cash balances and the current policy is to invest excess cash in Canadian bank high interest savings accounts and GICs. Excess cash is invested in USD, CAD, or MXN based on future spending requirements and consensus foreign exchange estimates. Fluctuations in market interest rates could impact the amount of interest income earned on funds held in savings accounts. The Corporation has no interest bearing liabilities.

Liquidity Risk

The Corporation's general objective when managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Corporation had cash balances of \$72,030, current input tax recoverable

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of \$8,642, and trade receivables of \$4,768 for settling current liabilities of \$15,488, and therefore liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.

(d) Derivatives:

The Corporation, through its subsidiary Coanzamex, has an agreement with the Municipality of Parral, Mexico (“Town”) to mine and process tailings material for precious metal recovery. The Corporation makes payments of \$48 per month to the Town which increases based on the average market silver price, with payments continuing until tailings are completely mined. As the monthly royalty payment increases based on the average market silver price, from a minimum of \$48 per month to a maximum of \$88 per month, the variable payment portion of the obligation is accounted for as an embedded derivative liability. The fair value of the liability has been accounted for using a Monte Carlo simulation based on the spot price of silver at September 30, 2024 of \$31.08 (September 30, 2023 - \$23.08), as well as the historical volatility of silver market prices. The fair value of the derivative liability under this method at September 30, 2024 was \$1,443 (September 30, 2023 - \$1,176).

18. COMMITMENTS

The Corporation has the following minimum annual cash payment commitments for the next five years:

Description	2025	2026	2027	2028	2029
Minimum royalty and land payments – Parral (Note 17(d))	\$ 570	\$ 570	\$ 570	\$ 570	\$ 570
Los Ricos option payments (Note 9)	1,150	-	-	-	-
	<u>\$ 1,720</u>	<u>\$ 570</u>	<u>\$ 570</u>	<u>\$ 570</u>	<u>\$ 570</u>