OROCO RESOURCE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

FEBRUARY 28, 2025

(Expressed in Canadian Dollars)

Unaudited – prepared by management

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
As at

	February 28, 2025	May 31, 2024
ASSETS		
Current		
Cash	$ 1,162,204	$ 828,999
Receivables	84,984	97,405
Prepaid expenses and advances	289,240	411,811
	1,536,428	1,338,215
Receivables (Note 5)	1,107,864	1,076,781
Marketable securities (Note 4)	240,854	19,604
Exploration and evaluation assets (Note 6)	83,299,331	79,184,224
Equipment (Note 7)	2,863,599	3,154,262
Right-of-use-assets (Note 8)	423,210	-
	$ 89,471,286	$ 84,773,086
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 9 and 12)	$ 1,674,401	$ 1,948,162
Lease liability (Note 8)	81,003	-
Share subscriptions received in advance	-	1,195,738
	1,755,404	3,143,900
Lease liability (Note 8)	355,165	-
Deferred tax liability	13,443	13,443
	2,124,012	3,157,343
Shareholders' equity		
Share capital (Note 10)	105,659,069	98,212,123
Share subscriptions receivable (Note 10)	(837,500)	-
Reserves (Note 10)	18,093,833	16,369,510
Deficit	(36,783,135)	(33,906,005)
Equity attributable to the Company's shareholders	86,132,267	80,675,628
Non-controlling interest (Note 11)	1,215,007	940,115
	87,347,274	81,615,743
	$ 89,471,286	$ 84,773,086

Nature of operations and going concern (Note 1)
Contingency (Note 6(a))
Subsequent events (Note 10)

Approved on behalf of the Board:

"Craig Dalziel"	*"Ian Rice"*
Craig Dalziel – Director	Ian Rice – Director

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended February 28, 2025	For the Three Months Ended February 29, 2024	For the Nine Months Ended February 28, 2025	For the Nine Months Ended February 29, 2024
Expenses				
Consulting fees	$ 48,051	$ 121,225	$ 199,263	$ 280,138
Foreign currency loss (gain)	(16,533)	40,639	(185,515)	194,005
Management and director fees (Note 12)	179,347	180,859	532,921	525,409
Office and general	166,618	223,070	633,058	526,950
Professional fees (Note 12)	72,997	441,321	360,646	712,586
Share-based payment (Notes 10 and 12)	61,614	3,094	840,192	84,732
Shareholder communications and investor relations	45,080	5,000	99,956	63,252
Transfer agent and filing fees	11,963	12,926	52,391	64,591
Travel	2,443	17,591	69,326	36,091
Operating loss	(571,580)	(1,045,725)	(2,602,238)	(2,487,754)
Loss for the period	(571,580)	(1,045,725)	(2,602,238)	(2,487,754)
Unrealized gain (loss) on fair value of marketable securities (Note 4)	187,642	(5,601)	221,250	(14,003)
Loss and comprehensive loss for the period	$ (383,938)	$ (1,051,326)	$ (2,380,988)	$ (2,501,757)
Loss and comprehensive loss attributable to:				
Equity holders of the Company	$ (323,324)	$ (1,023,498)	$ (2,655,880)	$ (2,442,961)
Non-controlling interest (Note 11)	(60,614)	(27,828)	274,892	(58,796)
	$ (383,938)	$ (1,051,326)	$ (2,380,988)	$ (2,501,757)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	243,367,965	225,142,380	243,041,990	218,411,347

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital			Reserves				
	Number	Amount	Share subscriptions receivable	Other comprehensive income (loss)	Stock options and warrants	Deficit	Non-controlling interest	Total
		$	$	$	$	$	$	$
May 31, 2023	213,438,543	91,447,564	-	(395,283)	15,699,865	(32,375,066)	2,773,705	77,150,785
Shares issued for cash	15,627,915	6,831,245	-	-	92,999	-	-	6,924,244
Shares issued for finders' fees	148,000	61,005	-	-				61,005
Share issue costs	-	(61,005)	-	-				(61,005)
Unrealized loss on fair value of marketable securities	-	-	-	(14,003)	-	-	-	(14,003)
Share-based payment	-	-	-	-	84,732	-	-	84,732
Increase in ownership of subsidiary	-	-	-	-	-	1,755,352	(1,755,352)	-
Loss for the period	-	-	-	-	-	(2,428,958)	(58,796)	(2,487,754)
February 29, 2024	229,214,458	98,278,809	-	(409,286)	15,877,596	(33,048,672)	959,557	81,658,004
May 31, 2024	229,214,458	98,212,123	-	(403,685)	16,773,195	(33,906,005)	940,115	81,615,743
Shares issued for cash	23,265,350	8,064,518	(837,500)	-	562,045	-	-	7,789,063
Share issue costs	-	(617,572)	-	-	100,836	-	-	(516,736)
Unrealized gain on fair value of marketable securities	-	-	-	221,250	-	-	-	221,250
Share-based payment	-	-	-	-	840,192	-	-	840,192
Loss for the period	-	-	-	-	-	(2,877,130)	274,892	(2,602,238)
February 28, 2025	252,479,808	105,659,069	(837,500)	(182,435)	18,276,268	(36,783,135)	1,215,007	87,347,274

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
For the Nine Months Ended

	February 28, 2025	February 29, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (2,602,238)	$ (2,487,754)
Adjusted for items not involving cash:		
Depreciation	55,895	-
Foreign exchange	(60,864)	3,272
Interest on lease liability	26,886	-
Share-based payment	840,192	84,732
Changes in working capital items:		
Receivables	12,421	34,680
Prepaid expenses and advances	122,571	6,018
Accounts payable and accrued liabilities	(78,516)	(354,021)
Net cash used in operating activities	(1,683,653)	(2,713,073)
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration and evaluation expenditures	(3,990,808)	(4,477,115)
Net cash used in investing activity	(3,990,808)	(4,477,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement shares issued	6,593,325	6,924,244
Share issue cost	(515,836)	-
Lease payments	(69,823)	-
Net cash provided by financing activities	6,007,666	6,924,244
Change in cash	333,205	(265,944)
Cash, beginning of period	828,999	1,456,085
Cash, end of period	$ 1,162,204	$ 1,190,141

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oroco Resource Corp. (the "Company") was incorporated on July 7, 2006 under the Business Corporations Act of British Columbia and is an exploration stage business engaged in the acquisition and exploration of mineral properties in Mexico. The Company is listed on the TSX Venture Exchange (the "TSX-V"). The Company's head office and principal address is located at #1201 - 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The continued operations of the Company and the recoverability of amounts shown for exploration and evaluation assets and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production or proceeds from the disposition thereof. The Company has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company has successfully raised funds in prior and current periods, management estimates it will require additional funds to operate for the upcoming 12 months. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of the adverse results of such conflicts and its effects on the Company's business or results of operations or its ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to interim financial reports, including International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and note disclosures required by IFRS for annual financial statements and, therefore, should be read in conjunction with the Company's consolidated financial statements for the year ended May 31, 2024, prepared in accordance with IFRS.

These condensed interim consolidated financial statements were authorized by the Audit Committee and Board of Directors of the Company on April 29, 2025.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and of its subsidiaries.

2. BASIS OF PRESENTATION (cont'd…)

Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. All inter-company transactions and balances have been eliminated upon consolidation. The Company's subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Minera Xochipala S.A. de C.V. ("MX")	Mexico	100%	Exploration in Mexico
Xochipala Gold S.A. de C.V. ("XG")	Mexico	95%	Exploration in Mexico
0973496 B.C. Ltd.	Canada	100%	Holding company
Altamura Copper Corp. ("Altamura")	Canada	100%	Holding company
Aureum Holding Corporation	Canada	100%	Holding company

The Company also holds: a majority interest in Aztec Copper Inc. ("Aztec"), an inactive subsidiary incorporated in the United States and its subsidiary, Prime Aztec Mexicana, S.A. de C.V. an inactive subsidiary incorporated in Mexico; and a 100% interest in Desarrollos Copper, S.A. de C.V. ("Desarrollos"), an inactive subsidiary incorporated in Mexico.

Significant estimates

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment - The fair value of stock options and compensatory warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and compensatory warrants.

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Rehabilitation provisions - The Company's potential for rehabilitation provisions includes estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

2. BASIS OF PRESENTATION (cont'd…)

Significant estimates (cont'd…)

Equipment - The carrying amounts of equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the deprecations methods and rates as indicated below. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining deprecation rate. Depreciation commences on the date the asset is available for its use as intended by management.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Going concern - The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended May 31, 2024, except as noted below.

Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments). The lease payments also include the exercise price of purchase options, if any, reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Lease liabilities (cont'd…)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Changes to accounting policies

The following amendments to existing standards have been adopted by the Company commencing June 1, 2024:

IAS 1, Presentation of Financial Statements

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The adoption of these amendments did not materially impact these condensed interim consolidated financial statements.

New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after June 1, 2024 which have not been applied in preparing these condensed interim consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss. The Company is currently assessing the impact of this new accounting standard on its financial statements.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

As at February 28, 2025, the Company owned 560,125 (May 31, 2024 - 560,125) Goldgroup Mining Inc. (“Goldgroup”) shares with a fair value of $240,854 (May 31, 2024 - $19,604). The change in market value of the shares resulted in the recording of other comprehensive gain (loss) of $221,250 for the nine months ended February 28, 2025 (February 29, 2024 - $(14,003)).

As at February 28, 2025, the Company owned 375,000 (May 31, 2024 - 375,000) common shares in a private British Columbia company (“BC Co.”) with a fair value of $nil (May 31, 2024 - $nil).

	Goldgroup		BC Co.		Total
	Number	Amount	Number	Amount	Amount
May 31, 2023	560,125	$ 28,006	375,000	$ -	$ 28,006
Fair value adjustment	-	(8,402)	-	-	(8,402)
May 31, 2024	560,125	19,604	375,000	-	19,604
Fair value adjustment	-	221,250	-	-	221,250
February 28, 2025	560,125	$ 240,854	375,000	$ -	$ 240,854

5. CERRO PRIETO ROYALTY

Pursuant to the sale of the Company’s interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the “Production Royalty”) on each of the first 90,000 ounces of gold produced from the Property, subject to the respective monthly average of the daily PM London gold fix being is in excess of US$1,250 per ounce, to a maximum royalty of US$90 per ounce. The production of the first 90,000 ounces was achieved in August 2022. As at February 28, 2025, the Company is owed $1,107,864 (May 31, 2024 - $1,076,781) by Goldgroup in connection with the Production Royalty.

6. EXPLORATION AND EVALUATION ASSETS

	Santo Tomas Properties	Xochipala Property	Total
May 31, 2024	$ 78,697,061	$ 487,163	$ 79,184,224
Deferred exploration expenditures			
Camp	124,846	-	124,846
Community relations	38,105	-	38,105
Fieldwork, physical and technical	1,773,787	-	1,773,787
Health, safety, and risk management	8,027	-	8,027
Logistics and support	706,162	-	706,162
Property maintenance	879,177	56,935	936,112
Technical and project management	247,863	-	247,863
VAT	265,420	14,785	280,205
	4,043,387	71,720	4,115,107
February 28, 2025	$ 82,740,448	$ 558,883	$ 83,299,331

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

	Santo Tomas Properties	Xochipala Property	Total
May 31, 2023	$ 72,618,719	$ 438,812	$ 73,057,531
Deferred exploration expenditures			
Camp	112,618	-	112,618
Community relations	34,373	-	34,373
Fieldwork, physical and technical	3,062,543	-	3,062,543
Health, safety, and risk management	200,662	-	200,662
Laboratory	13,333	-	13,333
Logistics and support	1,131,969	-	1,131,969
Property maintenance	1,096,683	40,778	1,137,461
Technical and project management	212,138	-	212,138
VAT	214,023	7,573	221,596
	6,078,342	48,351	6,126,693
May 31, 2024	$ 78,697,061	$ 487,163	$ 79,184,224

(a) Santo Tomas Properties, Sinaloa State, Mexico

Core Concessions

The Company, through XG, holds a registered 100% interest in certain mineral concessions (the "Core Concessions").

In fiscal 2020, the Company acquired Altamura and its related subsidiaries, whose main asset is its interest in the Core Concessions. The acquisition value attributed to the properties (exploration and evaluation assets) was $24,412,316.

Altamura had fee obligations, as amended, (the "Fee Agreement"), related to the Core Concessions, of US$600,000, payable within twelve months of title to the Core Concessions being registered to XG in the PRM (paid).

Altamura also has certain contingent fee obligations (the "Contingent Fee Agreement") related to the Core Concessions, payable upon the direct or indirect sale, assignment or transfer of the Core Concessions in a transaction intended to be final disposition, as follows:

(i) pay 10% of the sale price, to a maximum of US$3,600,000, (inclusive of the first US$600,000 referred to above (paid)); and
(ii) pay 1.5% of the sale price, to a maximum of US$4,100,000, of which up to $1,000,000 is payable to David Rose, an officer of the Company.

Altamura has entered into agreements pursuant to which it granted an aggregate 15% interest in the Core Concessions (the "Contractual Interest") in consideration for: i) assistance with resolving the legal challenges to XG's acquisition of registered title to the Core Concessions; ii) assistance with regard to the Company's assembly of a controlling interest in the surrounding Papago 17, La China II, Rossy, Rossy 1, Papago Fraccion 1 and AMP Santo Tomas Red 1 concessions (collectively, the "Peripheral Concessions" and together with the Core Concessions, the "Santo Tomas Properties"), including; (a) the assignment to the Company of majority interests in the Peripheral Concessions; and (b) the right to cause the assignment to the Company of majority interests in other additional related properties; and (iii) technical and geological services. The Contractual Interest is subject to dilution down to an aggregate 10% on a pro-rata basis upon the funding of up to $30,000,000 (completed) of expenditures on the combined Santo Tomas Properties.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(a) Santo Tomas Properties, Sinaloa State, Mexico (cont'd…)

The Peripheral Concessions

The Company, through MX, holds an 80% interest in each of the six Peripheral Concessions, which were acquired for total cash payments of $52,247 and US$42,500, and the issuance of 2,300,000 common shares, valued at $471,000. Of the $52,247, the Company will pay $5,000 to the vendor of the interest in the Papago Fraccion 1 concession within 10 days of registration of the Company's interest with the Mexican Public Registry of Mining. All six concessions comprising the Santo Tomas Properties are subject to an aggregate 1.5% net smelter royalty ("NSR") payable to third parties.

In fiscal 2019, the Company entered into a purchase agreement ("Data Agreement"), as amended, pursuant to which the Company acquired geological data, analysis and models related to the Santo Tomas Properties in consideration for 500,000 common shares, valued at $137,500, and US$500,000, to be paid by way of one payment of US$50,000 at the time of signing the agreement (paid), a second payment of US$50,000 (paid) and a final payment of US$400,000. The final payment of US$400,000 payment is due upon the direct or indirect sale, assignment or transfer of the Core Concessions to a third party.

(b) Xochipala Property Guerrero State, Mexico

The Xochipala Property, located in Guerrero State, Mexico, is comprised of the contiguous 100% owned Celia Gene and Celia Generosa concessions. MX acquired the Xochipala Property in 2007.

(c) Salvador Property, Guerrero State, Mexico

The Salvador Property is a mining concession in Guerero State, Mexico 100% owned by MX.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Camps	Transportation equipment	Machinery and equipment	Computer equipment	Leaseholds	Furniture and equipment	Total
Cost							
May 31, 2023	$ 2,153,119	$ 523,629	$1,480,369	$ 66,552	$ 10,017	$ 300,382	$ 4,534,068
Adjustment	(182,556)	-	-	-	-	-	(182,556)
May 31, 2024	1,970,563	523,629	1,480,369	66,552	10,017	300,382	4,351,512
Additions	-	-	-	-	-	-	-
February 28, 2025	$ 1,970,563	$ 523,629	$1,480,369	$ 66,552	$ 10,017	$ 300,382	$ 4,351,512
Accumulated depreciation							
May 31, 2023	$ 155,091	$ 272,331	$ 228,731	$ 43,330	$ 10,017	$ 55,854	$ 765,354
Depreciation	105,439	129,890	151,105	13,535	-	31,927	431,896
May 31, 2024	$ 260,530	$ 402,221	$ 379,836	$ 56,865	$ 10,017	$ 87,781	$ 1,197,250
Depreciation	61,094	83,633	113,329	8,662	-	23,945	290,663
February 28, 2025	$ 321,624	$ 485,854	$ 493,165	$ 65,527	$ 10,017	$ 111,726	$ 1,487,913
Net book value							
May 31, 2024	$ 1,710,033	$ 121,408	$ 1,100,533	$ 9,687	$ -	$ 212,601	$ 3,154,262
February 28, 2025	$ 1,648,939	$ 37,775	$ 987,204	$ 1,025	$ -	$ 188,656	$ 2,863,599

During the nine months ended February 28, 2025, depreciation of $290,663 (2024 - $326,523) was attributed to logistics and support within exploration and evaluation assets. The Company previously rented office space under an operating lease, included in office and general, with monthly payments of $6,100 (2024 - $6,100). During the nine months ended February 28, 2025, the Company entered into a new operating lease for its office (Note 8).

(Expressed in Canadian Dollars)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements.

	Right-of-use assets	Lease liabilities
May 31, 2023 and May 31, 2024	$ -	$ -
Additions	479,105	479,105
Depreciation expense	(55,895)	-
Interest expense	-	26,886
Payments	-	(69,823)
February 28, 2025	$ 423,210	$ 436,168

As at February 28, 2025, the current portion of the lease liabilities was $81,003 (May 31, 2024 - $nil) and the long-term portion was $355,165 (May 31, 2024 - $nil). Depreciation of right-of-use and interest expense related to lease liabilities is included in office and general.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	February 28, 2025	May 31, 2024
Accounts payable	$ 1,491,558	$ 1,600,213
Accrued liabilities	182,843	347,949
	$ 1,674,401	$ 1,948,162

10. SHARE CAPITAL AND RESERVES

Authorized

An unlimited number of common shares without par value.

Issued share capital

During the nine months ended February 28, 2025, the Company issued:

i. 14,051,127 units at a price of $0.45 per unit by way of a brokered private placement for total proceeds of $6,323,007, of which $1,195,738 was received in fiscal 2024. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.65 per common share for a period of 24 months from the date of issue. The 7,025,561 warrants were valued at $562,045, calculated using the residual value method. The Company paid cash finders' and other fees of $515,836 and issued 703,399 finders' warrants. Each finder's warrant will entitle the holder to acquire an additional common share at a price of $0.45 per common share for a period of 24 months from the date of issue. The finders' warrants were valued at $100,418, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.93%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 65%.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Issued share capital (cont'd…)

ii. 9,214,223 units at a price of $0.25 per unit by way of a brokered private placement for total proceeds of $2,303,556, of which $837,500 was received subsequent to period end. Each unit consists of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.40 per common share for a period of 24 months from the date of issue. The 9,214,223 warrants were valued at $nil, calculated using the residual value method. The Company paid cash finder's fees of $900 and issued 3,600 finders' warrants. Each finder's warrant will entitle the holder to acquire an additional common share at a price of $0.25 per common share for a period of 24 months from the date of issue. The finder's warrants were valued at $418, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 2.57%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 64%.

During the nine months ended February 29, 2024, the Company issued:

i. 2,692,308 units at a price of $0.65 per unit by way of a non-brokered private placement for total proceeds of $1,750,000, with each unit consisting of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.90 per common share, for a period of 24 months from the date of issue. The 2,692,308 warrants were valued at $nil, calculated using the residual value method;

ii. 6,729,850 units at a price of $0.40 per unit by way of a non-brokered private placement for total proceeds of $2,691,940, with each unit consisting of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.65 per common share, for a period of 18 months from the date of issue. The 6,729,850 warrants were valued at $67,298, calculated using the residual value method;

iii. 3,635,757 units at a price of $0.40 per unit by way of a non-brokered private placement for total proceeds of $1,454,304, with each unit consisting of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.65 per common share for a period of 18 months from the date of issue. The 3,635,757 warrants were valued at $nil, calculated using the residual value method. The Company issued 73,000 common shares, valued at $31,755 for finder's fees; and

iv. 2,570,000 units at a price of $0.40 per unit by way of a non-brokered private placement for total proceeds of $1,028,000, with each unit consisting of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.65 per common share for a period of 18 months from the date of issue. The 2,570,000 warrants were valued at $25,701, calculated using the residual value method. The Company issued 75,000 common shares, valued at $29,250 for finder's fees.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, outstanding as at May 31, 2023	14,156,574	$ 2.09
Issued	15,627,915	0.69
Expired	(10,924,111)	2.39
Balance, outstanding as at May 31, 2024	18,860,378	0.75
Issued	16,946,783	0.51
Balance, outstanding as at February 28, 2025	35,807,161	$ 0.64

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants (cont'd…)

Warrants outstanding as at February 28, 2025 are as follows:

Number of warrants	Exercise price	Weighted average remaining life (years)	Expiry date
3,222,463	$ 1.05	0.05	March 17, 2025[1]
10,000	$ 0.75	0.05	March 17, 2025[1]
6,729,850	$ 0.65	0.25	May 31, 2025
3,635,757	$ 0.65	0.38	July 15, 2025
2,570,000	$ 0.65	0.46	August 15, 2025
2,692,308	$ 0.90	0.46	August 15, 2025
7,025,561	$ 0.65	1.27	June 6, 2026
703,399	$ 0.45	1.27	June 6, 2026
9,214,223	$ 0.40	2.00	February 28, 2027
3,600	$ 0.25	2.00	February 28, 2027
35,807,161			

(1) expired, unexercised subsequent to period end

Stock options

The Company has a rolling stock option plan, whereby from time to time, at the direction of the Board of Directors, stock options may be granted to employees, consultants, directors and officers. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. Options may be granted for a maximum of 10 years and vesting is determined by the Board of Directors.

During the nine months ended February 28, 2025, the Company recognized $840,192 (2024 - $84,732) as share-based payment for the fair value of the stock options.

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, outstanding as at May 31, 2023	10,192,000	$ 1.66
Granted	6,385,000	0.75
Expired/forfeited	(2,742,000)	0.80
Balance, outstanding as at May 31, 2024 and February 28, 2025	13,835,000	$ 1.41
Balance, exercisable as at February 28, 2025	13,835,000	$ 1.41

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Options (cont'd…)

Options outstanding as at February 28, 2025 are as follows:

Number of options	Number of exercisable options	Exercise price	Weighted average remaining life (years)	Expiry date
300,000	300,000	$ 2.05	0.01	March 1, 2025[(1)]
600,000	600,000	$ 2.05	0.08	March 29, 2025[(1)]
5,950,000	5,950,000	$ 2.05	0.17	May 2, 2025
150,000	150,000	$ 1.10	0.96	February 12, 2026
450,000	450,000	$ 1.10	1.09	April 3, 2026
6,235,000	6,235,000	$ 0.75	2.11	April 8, 2027[(2)]
150,000	150,000	$ 0.75	2.11	April 10, 2027[(3)]
13,835,000	13,835,000		1.10	

(1) expired, unexercised subsequent to period end
(2) 630,000 were cancelled, unexercised subsequent to period end
(3) cancelled, unexercised subsequent to period end

11. NON-CONTROLLING INTEREST

On March 2, 2020, the Company acquired 100 shares (67%) of XG, through the acquisition of Altamura. In fiscal 2020, 2021 and 2024, the Company acquired an additional 375 shares (25 in fiscal 2020, 30 in fiscal 2021 and 320 in fiscal 2024) for total ownership as at February 28, 2025 of 475 of 500 shares, representing 95% of XG's equity (May 31, 2024 - 95%).

As at February 28, 2025, the equity attributable to the 5% (May 31, 2024 - 5%) non-controlling interest in XG is as follows:

	Total
May 31, 2023	$ 2,773,705
9% interest acquired	(1,755,352)
Share of loss for the year	(78,238)
May 31, 2024	940,115
Share of gain for the period	274,892
February 28, 2025	$ 1,215,007

(Expressed in Canadian Dollars)

11. NON-CONTROLLING INTEREST (cont'd…)

As at February 28, 2025 and May 31, 2024 and for the periods ended February 28, 2025 and May 31, 2024, summarized financial information about XG is as follows:

	February 28, 2025	May 31, 2024
Current assets	$ 225,779	$ 317,433
Non-current assets	71,077,803	68,526,493
Current liabilities	(1,006,096)	(829,377)
Non-current liabilities	(45,997,344)	(49,212,255)
Gain (loss) and comprehensive gain (loss) for the period	$ 5,497,848	$ (1,168,382)

The gain (loss) and comprehensive gain (loss) of XG for the nine months ended February 28, 2025 was $5,497,848 (2024 - $(779,535)). The gain (loss) allocated to non-controlling interest based on an interest of 5% (2024 - 5%) for the nine months ended February 28, 2025 was $274,892 (2024 - $(58,796)).

12. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of directors and officers. The following expenses were incurred with key management personnel:

	For the nine months ended February 28, 2025	For the nine months ended February 29, 2024
Management and director fees	$ 532,921	$ 525,409
Professional fees	103,500	103,500
Share-based payment	404,658	67,825
Total	$ 1,041,079	$ 696,734

As at February 28, 2025 included in share subscriptions receivable was $750,000 (May 31, 2024 - $nil) owing from a company controlled by a director. As at February 28, 2025 included in accounts payable and accrued liabilities was $434,907 (May 31, 2024 - $452,962) owing to officers and directors. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms.

(Expressed in Canadian Dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

		For the nine months ended February 28, 2025		For the nine months ended February 29, 2024
Non-cash transactions not included in investing or financing activities				
Exploration and evaluation assets included in accounts payable	$	1,027,435	$	1,811,382
Share issues costs included in accounts payable	$	900	$	-
Common shares issued for finders’ fees	$	-	$	61,005
Royalty receivable settled with accounts payable	$	29,781	$	-
Recognition of right-of-use asset and lease liability	$	479,105	$	-
Allocation of share subscriptions received in advance to share capital	$	1,195,738	$	-
Share subscriptions receivable	$	837,500	$	-
Finders’ warrants issued included in share issue costs	$	100,836	$	-
Residual value of warrants in private placements	$	562,045	$	92,999
Depreciation on equipment included in exploration and evaluation assets	$	290,663	$	326,523
Unrealized change on fair value of marketable securities	$	221,250	$	14,003

14. SEGMENTED INFORMATION

The Company operates in one segment, being the acquisition and exploration of exploration and evaluation assets located in Mexico. Geographic information is as follows:

As at February 28, 2025

		Canada		Mexico		Total
Equipment	$	-	$	2,863,599	$	2,863,599
Exploration and evaluation assets		-		83,299,331		83,299,331
Other assets		3,045,653		262,703		3,308,356
Total assets	$	3,045,653	$	86,425,633	$	89,471,286

As at May 31, 2024

		Canada		Mexico		Total
Equipment	$	-	$	3,154,262	$	3,154,262
Exploration and evaluation assets		-		79,184,224		79,184,224
Other assets		2,073,990		360,610		2,434,600
Total assets	$	2,073,990	$	82,669,096	$	84,773,086

15. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the nine months ended February 28, 2025.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The Goldgroup shares, recorded in marketable securities, are measured using level 1 of the fair value hierarchy. The BC Co., shares recorded in marketable securities, are measured using level 3 of the fair value hierarchy. Investments classified within level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and receivables. The bank accounts are mainly held with a major Canadian bank and this minimizes the risk to the Company. Receivables are due primarily from Goldgroup.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

15. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd…)

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The effect of a 10% change in the foreign exchange rate on the monetary balances held in foreign currencies as at February 28, 2025 is approximately $8,000.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.