
CANEX Metals Inc.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2024 and 2023

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Independent Auditor's Report

To the Shareholders of CANEX Metals Inc.:

Opinion

We have audited the consolidated financial statements of CANEX Metals Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$279,148 during the year ended September 30, 2024 and, as of that date, the Entity has a deficit of \$17,849,420 and a working capital surplus of \$157,914. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.



Impairment Indicator Assessment of Exploration and Evaluation Assets

Description of the key audit matter

Exploration and Evaluation Assets are carried at \$5,713,501. Management is required to assess whether any facts and circumstances suggest that the carrying amount may exceed the recoverable amount at the end of each reporting period. If facts and circumstances were identified, then an impairment test is required. The assessment of any facts and circumstances requires high levels of judgement and as such are significant to the audit. See Note 3e), 4a) and 8 to the consolidated financial statements.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Evaluated management's assessment of whether facts and circumstances exist and obtained evidence regarding management's conclusion on the facts and circumstances including reviewing historical data, historical expenditures, budgets and press releases.
- Verified ownership and claim standing through review of public records, and claim renewal documentation and evidence of claim payments made.
- Obtained evidence to evaluate the completeness and accuracy of the information presented by management through review of press releases, examination of external invoices, and disclosures in Management Discussion and Analysis.
- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management Discussion and Analysis for the year ended September 30, 2024.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to 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 this auditor's report. We have nothing to report in this regard.

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

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

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

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



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

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John Leavitt.

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
December 13, 2024

CANEX Metals Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at September 30

	2024	2023
ASSETS		
Current Assets		
Cash (Note 5)	\$ 158,093	\$ 695,912
Accounts receivable (Note 6)	2,116	6,197
Prepaid expenses	12,786	36,107
Short-term investments (Note 7)	31,035	89,842
	<u>\$ 204,030</u>	<u>\$ 828,058</u>
Non-current Assets		
Exploration and evaluation asset advances and deposits (Note 8)	51,164	42,966
Exploration and evaluation assets (Note 8)	5,713,501	5,053,585
	<u>\$ 5,764,665</u>	<u>\$ 5,096,551</u>
TOTAL ASSETS	<u>\$ 5,968,695</u>	<u>\$ 5,924,609</u>
EQUITY AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	46,116	59,868
	<u>\$ 46,116</u>	<u>\$ 59,868</u>
Non-current Liabilities		
Decommissioning obligation (Note 10)	50,031	38,380
TOTAL LIABILITIES	<u>\$ 96,147</u>	<u>\$ 98,248</u>
EQUITY		
Share capital (Note 11)	21,450,899	21,135,858
Reserves	2,271,069	2,260,775
Deficit	(17,849,420)	(17,570,272)
TOTAL EQUITY	<u>5,872,548</u>	<u>5,826,361</u>
TOTAL EQUITY AND LIABILITIES	<u>\$ 5,968,695</u>	<u>\$ 5,924,609</u>

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 22)

Approved by the Board

"Shane Ebert" Director

"Jean-Pierre Jutras" Director

See accompanying notes to consolidated financial statements.

CANEX Metals Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended September 30

		<u>2024</u>		<u>2023</u>
Expenses				
General and administrative (Note 13)	\$	(198,063)	\$	(405,043)
Reporting to shareholders		(20,825)		(20,720)
Professional fees		(48,689)		(55,210)
Stock exchange and transfer agent fees		(18,304)		(13,734)
Property fees and taxes		(2,094)		(3,381)
Accretion		(2,131)		-
Loss before other items		(290,106)		(498,088)
Other items				
Interest and other		9,821		24,287
Gain (loss) from short-term investments		1,137		(61,601)
		10,958		(37,314)
 Net loss and comprehensive loss for the year	 \$	 (279,148)	 \$	 (535,402)
 Basic and diluted loss per share (Note 15)	 \$	 (0.00)	 \$	 (0.01)
 Weighted average shares outstanding - basic and diluted (Note 15)		 112,895,636		 100,333,142

See accompanying notes to the consolidated financial statements.

CANEX Metals Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
For the years ended September 30

	2024	2023
Increase in cash and cash equivalents		
Operating activities		
Cash paid to suppliers and contractors (Note 18)	\$ (251,900)	\$ (465,706)
Cash used in operating activities	(251,900)	(465,706)
Investing activities		
Interest and other items (expended) received	9,819	24,287
Cash received on sale of short-term investments	59,944	158,399
Cash expended on exploration and evaluation assets (Note 18)	(344,230)	(1,058,072)
Cash expended on exploration advances and deposits	(8,198)	-
Cash expended on decommissioning obligation	-	(13,526)
Cash used by investing activities	(282,665)	(888,912)
Financing activities		
Share capital and warrant issue proceeds	-	600,000
Cash share issuance and transaction costs	(3,254)	(8,033)
Cash provided by financing activities	(3,254)	591,967
Increase in cash and cash equivalents	(537,819)	(762,651)
 Cash, beginning of period	 695,912	 1,458,563
Cash, end of period	\$ 158,093	\$ 695,912

See accompanying notes to the consolidated financial statements.

CANEX Metals Inc.

Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

As at September 30

	Common share capital	Equity settled share based payments	Other Reserves*	Total Reserves	Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance, September 30, 2022	20,431,391	310,418	1,914,896	2,225,314	(17,034,870)	5,621,835
Net and comprehensive loss for the year	-	-	-	-	(535,402)	(535,402)
Shares issuance – Property November 2022	112,500	-	-	-	-	112,500
Share issuance – April 2023	600,000	-	-	-	-	600,000
Options issued – May 2022	-	24,105	-	24,105	-	24,105
Options issued – July 2023	-	11,356	-	11,356	-	11,356
Share issuance costs	(8,033)	-	-	-	-	(8,033)
Balance, September 30, 2023	21,135,858	345,879	1,914,896	2,260,775	(17,570,272)	5,826,361
Net and comprehensive loss for the year	-	-	-	-	(279,148)	(279,148)
Shares issuance – Property November 2023	304,296	-	-	-	-	304,296
Share issuance – Property April 2024	14,000	-	-	-	-	14,000
Options cancelled – November 2023	-	(16,583)	16,583	-	-	-
Options issued – July 2023	-	10,294	-	10,294	-	10,294
Options expiry – July 2024	-	(124,301)	124,301	-	-	-
Share issuance costs	(3,255)	-	-	-	-	(3,255)
Balance, September 30, 2024	21,450,899	215,289	2,055,780	2,271,069	(17,849,420)	5,872,548

*Other reserves is comprised of the aggregate of options and warrants that expired or were fully vested and forfeited without exercise. These values were relieved from common share capital, share based payment reserve and warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the consolidated financial statements

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

1. Nature of operations and continuance of operations

CANEX Metals Inc. ("CANEX" or the "Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. The address of its primary office is Suite 1620, 734-7th Avenue SW, Calgary, Alberta, Canada, T2P 3P8. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol CANX.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether its mineral exploration properties contain ore reserves that are economically recoverable.

The Company incurred a net loss of \$279,148 during the year ended September 30, 2024. The Company has a deficit of \$17,849,420 at September 30, 2024 and a working capital surplus of \$157,914. Any increase in expenditures over budget, exploration programs, and new property acquisitions will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC"), effective for the periods ended September 30, 2024 and 2023, using the material accounting policies outlined in Note 3. The consolidated statements were authorized for issue by the board of directors on December 13, 2024.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 12 and decommissioning obligation described in Note 10. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary, Canexco Inc. ("Canexco"). Canexco was incorporated by the Company on June 5, 2019 in Arizona, USA, to conduct its exploration and development business in the USA, (refer to Note 8 - "Exploration and evaluation assets" for more information). All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

3. Material accounting policies

a) New accounting pronouncements

The Company adopted the following amendments to IFRS accounting standards issued by the IASB that are mandatorily effective for accounting periods beginning on or after January 1, 2023. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

- I. IAS 12 Income Taxes Amendments to IAS 12 require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- II. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.
- III. IAS 1 Presentation of Financial Statements Amendments to IAS 1 require that a company disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

b) Financial Instruments

The Company's financial instruments consist of the following:

Financial Assets

Cash
Accounts receivable
Short-term investments

Classification

Financial asset measured at amortized cost
Financial asset measured at amortized cost
Financial asset measured at fair value

Financial Liabilities

Accounts payable and accrued liabilities

Classification

Financial liabilities measured at amortized cost

The Company records financial assets initially at fair value and subsequently measures these financial assets at either amortized cost or fair value on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following conditions are met:

- I. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- II. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the financial asset is not measured at amortized cost as per the above, the financial asset is measured at fair value.

Financial assets measured at fair value

Financial assets measured at fair value are carried at fair value at each period end, with the related gains and losses recognized in profit or loss. The sale of equity investments is accounted for using trade date accounting.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

3. Material accounting policies

b) Financial Instruments (continued)

Financial assets measured at amortized cost

Financial assets measured at amortized cost are recorded at fair value upon initial recognition, plus any applicable transaction costs that are directly attributable to the acquisition of the financial asset, and subsequently carried at amortized cost, using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost is recognized in profit or loss when the financial asset is derecognized, impaired, or reclassified.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are recorded at fair value upon initial recognition, less any applicable transaction costs that are directly attributable to the acquisition of the financial liability, and are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial liability that is measured at amortized cost is recognized in profit or loss when the financial liability is derecognized.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost using the "simplified method". At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss as an impairment gain or loss, the amount of expected credit losses that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The carrying amount of financial assets is reduced by any impairment loss directly except in the case of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of accounts receivable previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings.

If, in a subsequent period, the amount of the impairment loss decreases for financial assets except accounts receivable, and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined had no impairment loss been recognized in prior years.

Cash

Cash includes cash held in Canadian dollar and US dollar current accounts, highly liquid Canadian dollar denominated investments in bankers' acceptances or term deposits, with terms to maturity of 90 days or less when acquired and cash held in short-term investment accounts. The counter-parties are financial institutions.

c) Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation discounted using the pre-tax, risk-free rate, updated at each reporting date.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

3. Material accounting policies (continued)

d) Decommissioning obligation

Decommissioning obligation includes obligations related to future removal of property and equipment, and site restoration costs. A liability, for the fair value of environmental and site restoration obligations, is recorded in accordance with the broader policy described in "c) Provisions" above. Provisions for restoration costs do not include any additional obligations that are expected to arise from future disturbance. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to earnings in a systematic manner. Other movements in the provision, including those from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalized to exploration and evaluation assets. The amounts included in capitalized costs are depleted using the unit-of-production method at such point that the mineral property achieves commercial production, or the costs will be written-off at such time that management considers that the value of the related property has been impaired.

e) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties. The Company capitalizes costs directly related to the acquisition, exploration and evaluation of mineral properties. Such costs include, but are not restricted to, geological, geophysical, drilling, trenching and sampling costs including the support costs and supplies required in relation thereto. These assets are recorded at cost as adjusted for impairments in value. Impairment is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. In assessing impairment, exploration and evaluation assets are grouped into Cash Generating Units ("CGU's"), on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and a CGU.

Exploration and evaluation assets are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use" (being the net present value of expected future cash flows of the relevant cash generating unit ("CGU"), or "fair value less costs to sell". Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the assets in an arm's length transaction.

The discount rate applied in calculating net present value of expected future cash flows, is based upon pre-tax discount rates that reflect current market assessments of the time value of money and the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

If the carrying amount of the asset exceeds its recoverable amount, the asset impairment loss is charged to earnings and reduces the carrying amount of the asset. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally precipitated the impairment. This reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that an impairment had occurred. An example of such a situation might include, but not be limited to, the re-commencement of exploration activity on a mineral property due to a significant change in commodity prices.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

3. Material accounting policies

e) Exploration and evaluation assets (continued)

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Where the Company's exploration commitments for a CGU are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the CGU to the extent of costs incurred. The excess, if any, is credited to operations. Option payments made by the Company are recorded as exploration and evaluation assets. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. The proceeds on the sale of exploration and evaluation assets are applied to the area of interest to the extent of costs incurred and the excess, if any, is credited to operations. In some circumstances option payments received by or made by the Company are made in whole or in part through the issuance of common shares. The value of these share-based payments is calculated using the closing price of the shares on the date of issue as determined by the public exchange upon which they are listed as this is the most readily determinable value. When the Company enters the development stage for a CGU, the exploration and evaluation costs are transferred into mine development costs and all subsequent expenditures on the construction, installation or completion of infrastructure net of incidental revenue, is capitalized. Upon commencement of commercial production, all mine development assets for the relevant CGU are transferred to producing mine assets at which point the costs will commence being charged to earnings on a unit-of-production basis.

f) Foreign currencies

Both the presentation currency and functional currency of the Company is the Canadian dollar. The functional currency of its wholly owned US subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statements of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

3. Material accounting policies (continued)

g) Share-based payment transactions

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity-settled share based payment reserve in equity. Employees, for the purpose of this calculation, also include individuals who provide services similar to those performed by a direct employee, including directors and consultants of the Company. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share based payment amount is transferred to share capital. If options expire or are cancelled without being exercised, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

h) Loss per share

Basic loss per common share is computed by dividing the net earnings loss attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Only "in-the-money" dilutive instruments impact the dilution calculations and potentially dilutive instruments shall only be treated as dilutive when their conversion increases loss per share. Refer to Note 11 for a summary of options and warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the calculation in the periods disclosed because their effect was anti-dilutive. Refer to Note 15 for calculations of loss per share.

i) Income taxes

Income tax on net earnings or loss for the periods presented is comprised of current and deferred tax as applicable. Income tax pertaining to earnings or loss is recognized in earnings or loss; income taxes pertaining to items recognized directly in equity is recorded through equity. Current tax is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

4. Critical accounting judgments and estimates

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, 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. Actual outcomes could differ from these estimates. Circumstances and changes in assumptions could arise over the years that would require material revisions to these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods if the revision affects both current and future periods. These

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

4. Critical accounting judgments and estimates (continued)

estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Exploration and evaluation assets

The carrying values of exploration and evaluation assets and property and equipment that are included in the Consolidated Statements of Financial Position, include the assumptions that are incorporated into the impairment assessments, and the amount of depreciation and/or impairments that are included in the Consolidated Statements of Loss and Comprehensive Loss.

In assessing whether an impairment loss should be recorded on Exploration and Evaluation Assets, management considers the four factors outlined in Note 3 e) to the consolidated financial statements. A number of assumptions are required in making valuation assessments including, mineral prices, continued exploration activity in the surrounding areas increasing the likelihood of being able to option out the property, and the availability of future financing to further develop the property failing the optioning out of the property. As the properties of the Company are at the exploration and evaluation level, they are not yet at the stage where there are assessments of possible or probable reserves. Consequently any estimates of value of the properties may require judgements and estimates. There is a risk that: 1) the properties could have little or no value if exploration activities on the property and in the surrounding areas cease, 2) prices will not be high enough to make extraction, regardless of quantities, economical or, 3) the Company will be unable to acquire future financing to enable exploration before the claims expire.

b) Decommissioning obligations

The amount of decommissioning obligations and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the Consolidated Statements of Financial Position are estimated and incorporate assumptions made by management of interest rates and future inflation rates.

c) Share-based compensation

The value of share-based compensation expense in the Consolidated Statements of Loss and Comprehensive Loss included in the Consolidated Statements of Financial Position, are valued using valuation models and incorporate assumptions made by management of stock volatility, interest rates and exercise periods.

d) Functional currency

Management has assessed the functional currency to be the Canadian dollar when recording the transactions of its wholly owned subsidiary. In accordance with IAS 21, a number of factors are considered in determining the functional currency of an entity. When indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

5. Cash

Cash is comprised of:

	Sept 30, 2024	Sept 30, 2023
Current bank accounts	\$ 156,488	\$ 688,000
Cash held in foreign currencies	1,605	7,912
	<u>\$ 158,093</u>	<u>\$ 695,912</u>

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

6. Accounts receivable

	Sept 30, 2024	Sept 30, 2023
Due from related parties	\$ 121	\$ -
Sales tax receivables	1,995	6,197
	<u>\$ 2,116</u>	<u>\$ 6,197</u>

7. Short-term investments

	Number of shares	Carrying Value
Homeland Nickel Inc.		
Balance at September 30, 2022	5,633,500	\$ 309,842
Cost base of shares sold*	(4,000,000)	(361,668)
Valuation adjustment - gain	-	141,668
Balance at September 30, 2023	<u>1,633,500</u>	<u>\$ 89,842</u>
Cost base of shares sold*	(599,000)	(54,160)
Valuation adjustment - loss	-	(4,647)
Balance at September 30, 2024	<u>1,034,500</u>	<u>\$ 31,035</u>

*On December 1, 2023, the Company sold 599,000 shares for net proceeds of \$59,944 resulting in a realized gain on sale of \$5,784. On September 5, 2023, the Company sold 4,000,000 shares for net proceeds of \$158,399 resulting in a realized loss on sale of \$203,268.

The common shares of Homeland Nickel Inc. (formerly Spruce Ridge Resources Ltd.), held at period end, were valued at their fair value, based on their respective period-end trading prices, at September 30, 2024 and 2023.

8. Exploration and evaluation assets

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3 (e) "Exploration and evaluation assets". Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company's ability to recover its costs through a disposition of its interests in its mineral exploration properties.

Louise Lake, British Columbia, Canada

On March 1, 2024, the Company entered into an option agreement to acquire six mineral claims totalling 5,362.95 hectares located in the Omineca Mining Division, British Columbia. Under the terms of the option agreement, the Company will either pay an aggregate of \$775,000 in common shares of CANEX or make cash payments. On April 8, 2024, the first option payment was made by issuing 200,000 common shares of the Company at a price of \$0.05 per share and a notional value of \$10,000. The Company recorded property acquisition costs of \$14,000 as the underlying shares were trading at \$0.07 per share, on that date.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

8. Exploration and evaluation assets

Louise Lake, British Columbia, Canada (continued)

Outstanding commitments under the agreement are scheduled as follows:

Due Date	Value of underlying Common Shares or Cash
March 1, 2025	\$25,000
March 1, 2026	\$50,000
March 1, 2027	\$90,000
March 1, 2028	\$200,000
March 1, 2029	\$400,000
Total future commitment	\$765,000

The Vendor retains a 2.5% NSR (net smelter royalty) with Canex having the right to buy back 40% of the NSR (1% of the 2.5% NSR) for \$1,500,000. A milestone bonus of \$50,000 in shares or cash will also be payable if CANEX drills over 4250 metres of core, and a second milestone bonus of \$50,000 in shares or cash will be payable if CANEX publishes a resource estimate with greater than 1.5 million contained ounces of gold.

The gross costs and impairments recorded to the Louise Lake Property at September 30, 2024 are \$28,594 and \$Nil respectively.

Gold Range Property, Arizona, USA

On June 11, 2019, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the "Optionor". The Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company was committed to making certain option payments and minimum exploration expenditures. On June 11, 2023, the Company completed its payment and expenditure obligations and the 100% earn in was completed. The Optionor will retain a 2% NSR, half of which can be bought back by the Company for US\$500,000 and the remaining half for US\$1,000,000.

On February 24, 2020, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Never Get Left Claim from Onyx Exploration Inc., the "Optionor" which is adjacent to the Company's Pit Zone target on the Gold Range Property located in Mohave County, Arizona, USA. The Never Get Left Claim, under option, is comprised of one staked lode mineral claim with a total area of 20.99 acres.

Under the terms of the agreement, the Company was committed to option payments totaling US\$90,000 over four years. On February 24, 2024, the Company made the final payment of \$49,314 (US\$30,000), 2023 \$27,304 (US\$20,000), extinguishing its payment obligations, and the 100% earn in was complete. The Optionor will retain a 2% NSR, half of which can be bought back by the Company for US\$500,000; the remaining half for US\$500,000. Additionally, the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor's claim.

On January 12, 2021, the Company, and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor, the "Optionor", over 3 Stages and located adjacent to the Company's other Gold Range properties.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

8. Exploration and evaluation assets

Gold Range Property, Arizona, USA (continued)

On August 31, 2023, the parties signed an amended option agreement whereby all requirements to complete the Stage 2 and Stage 3 earn in obligations of the original agreement were removed. In exchange, the Company would earn a 100% interest in the Property by issuing 8,694,170 shares and paying US\$120,000 in cash. On November 29, 2023, 8,694,170 of the Company's common shares, valued at \$0.035 per share (total value - \$304,296) were issued plus US\$120,000 cash (CAD\$166,058) was paid and the 100% purchase was completed. Under the terms of the original agreement and prior to August 31, 2023, the Company had issued 1,750,000 shares valued at \$196,875 and made minimum exploration expenditures of US\$1,759,053 fulfilling Stage one and partial Stage two requirements.

The Optionor will continue to hold a 1.5% NSR as outlined in the original agreement and the Company will retain a right of first refusal (ROFR), should this royalty ever be offered for sale. In addition, until August 31, 2030, should the Company be subject to any event that would impact the creditors rights that is not cured in 30 days, it will deliver the mine property back to the Vendor under the reversion clause of the agreement.

As at September 30, 2024, the Company holds 261 lode mining claims and 2 patented claims (approximately 1650 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted above as well as staking. The gross costs and impairments recorded to the Gold Range Property at September 30, 2024, are \$5,684,906 and \$nil respectively (September 30, 2023 - \$5,053,585 and \$nil).

Gibson Prospect, British Columbia

On May 17, 2017, the Company had signed a purchase agreement and received exchange approval to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The Company also assumed the obligations of an underlying option agreement with Steven Scott. The gross costs and impairments recorded to the Gibson Prospect as at September 30, 2024, and September 30, 2023 are \$473,527 and \$473,527 respectively.

During the year ended September 30, 2021, the Company determined that further exploration on this property would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. In August 2024, the Company received a further extension to meet its minimum exploration expenditures of \$500,000 to December 31, 2025. All other terms of the option agreement remain unchanged.

As at September 30, 2024, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

	Altius	
	Share issues	Minimum Exploration Expenditures*
Expenditure commitment, on or before December 31, 2025	-	\$ 500,000
Following the completion of the Expenditure Commitment	1,240,000	-
Total remaining commitment	1,240,000	\$ 500,000

* - as at September 30, 2024, the Company has incurred exploration expenditures of \$293,500

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

8. Exploration and evaluation assets (continued)

In addition, Altius will retain a right to purchase an underlying 1.5% NSR and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) \$25,000 in cash or securities upon a Bankable Feasibility Study; and 2) \$50,000 in cash or securities upon Commercial Production.

Summary exploration and evaluation expenditures:

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2024 and 2023 is as follows:

	Arizona USA		BC Canada		Total
	Gold Range Property		Louise Property		
Year ended September 30, 2024					
Exploration expenditures:					
Balance, September 30, 2023	\$	4,274,794	\$	-	\$ 4,274,794
Geological consulting		14,025		5,162	19,187
Travel		5,885		698	6,583
Field Costs		308		-	308
Analysis and other		17,285		-	17,285
Decommissioning		9,520		-	9,520
Balance, September 30, 2024	\$	4,321,817	\$	5,860	\$ 4,327,677
Property acquisition costs:					
Balance, September 30, 2023		778,791		-	778,791
Acquisition costs incurred		584,299		22,734	607,033
Balance, September 30, 2024		1,363,090		22,734	1,385,824
Total Exploration and evaluation assets, September 30, 2024		5,684,907		28,594	5,713,501
Year ended September 30, 2023					
Exploration expenditures:					
Balance, September 30, 2022	\$	3,419,909	\$	-	\$ 3,419,909
Geological consulting		141,331		-	141,331
Travel		54,094		-	54,094
Field Costs		20,128		-	20,128
Drilling		368,568		-	368,568
Geochemical		224,724		-	224,724
Analysis and other		46,040		-	46,040
Balance, September 30, 2023	\$	4,274,794	\$	-	\$ 4,274,794
Property acquisition costs:					
Balance, September 30, 2022		493,132		-	493,132
Acquisition costs incurred		285,659		-	285,659
Balance, September 30, 2023		778,791		-	778,791
Total Exploration and evaluation assets, September 30, 2023		5,053,585		-	5,053,585

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

8. Exploration and evaluation assets (continued)

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At September 30, 2024, the Company held \$10,000 in respect of the Gibson Prospect and \$41,164 in respect of the Gold Range Project in exploration and evaluation asset advances and deposits (September 30, 2023 - \$10,000 and \$32,966 respectively).

9. Accounts payable and accrued liabilities

	Sept 30, 2024	Sept 30, 2023
Trade payables	\$ -	\$ 8,903
Due to related parties	5,211	11,840
Accrued liabilities	40,900	39,125
Commodity taxes payable	5	-
	<u>\$ 46,116</u>	<u>\$ 59,868</u>

10. Decommissioning obligation

Changes in the decommissioning obligation:

	Sept 30, 2024	Sept 30, 2023
Balance, beginning of year	\$ 38,380	\$ 51,906
Accretion	2,131	-
Change in estimates	9,520	-
Expenditures	-	(13,526)
Balance, end of year	<u>\$ 50,031</u>	<u>\$ 38,380</u>

The provision noted above represents estimated costs to restore the Company's mineral property which includes the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal and constructive obligations as at the respective year end dates for current and future decommissioning obligations. The year end present value of the decommissioning obligation was determined using a risk-free rate of 3.99% (September 30, 2023 – 4.87%). The estimated total undiscounted amount, using an inflation rate of 2.70% (September 30, 2023 – 4.12%) for the year ended September 30, 2024 is \$53,415 (2023 - \$41,508). The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land use permits expire, at which time the reclamation has to have been completed.

11. Share capital and stock options

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding common share capital

	Shares	Value \$
Balance, as at September 30, 2023	105,486,567	21,135,858
Shares issued for property – November 2023	8,694,170	304,296
Shares issued for property – April 2024	200,000	14,000
Share issuance costs	-	(3,255)
Balance, as at September 30, 2024	114,380,737	21,450,899

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

11. Share capital and stock options

b) Issued and outstanding common share capital (continued)

	Shares	Value \$
Balance, as at September 30, 2022	94,486,567	20,431,391
Shares issued for property – November 2022	1,000,000	112,500
Share issuance – April 2023	10,000,000	600,000
Share issuance costs	-	(8,033)
Balance, as at September 30, 2023	105,486,567	21,135,858

2024

On April 8, 2024, 200,000 common shares were issued in accordance with the Louise Lake Property option agreement.

On November 29, 2023, 8,694,170 common shares were issued in accordance with the Excelsior Mine Property amended option agreement.

The share issuances were valued using the trading price on the date of issue. (Note 8 - "Exploration and evaluation assets").

2023

On November 11, 2022, 1,000,000 common shares were issued in accordance with the Excelsior Mine Property option agreement. The share issuance was valued using the closing share price on the transaction date. (Note 8 - "Exploration and evaluation assets").

On April 3, 2023, the Company closed a non-brokered private placement financing for 10,000,000 common shares at a price of \$0.06 per share for gross proceeds of \$600,000. Related parties, comprised of officers and directors, acquired 1,835,869 of the common shares issued.

Subsequent to the date of these financial statements the Company closed a non-brokered private placement for 3,000,000 common shares at \$0.045 and 5,033,365 flow-through common shares at \$0.06 for total proceeds of \$437,001.91. Further details are contained in Note 22 Subsequent events.

c) Stock options outstanding

<u>Expiry</u>	<u>Number of options</u>		<u>Exercise Price</u>
	<u>Sept 30, 2024</u>	<u>Sept 30, 2023</u>	
July 27, 2024	-	1,575,000	\$0.15
September 23, 2024	-	1,200,000	\$0.06
October 4, 2024	710,000	710,000	\$0.055
May 1, 2027	1,462,500	1,525,000	\$0.18
July 11, 2026	400,000	400,000	\$0.06
	2,572,500	5,410,000	

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

11. Share capital and stock options

c) Stock option outstanding (continued)

The Company has implemented a 10% Rolling Stock Option Plan whereby 10% of the issued shares will be reserved for issuance under the stock based compensation plan ("the Plan"). Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time.

d) Stock option transactions

	Number of options	Weighted average exercise price
Balance, September 30, 2023	5,410,000	\$0.12
Cancelled	(262,500)	(0.13)
Expired	(2,575,000)	(\$0.11)
Balance, September 30, 2024	2,572,500	\$0.13

	Number of options	Weighted average exercise price
Balance, September 30, 2022	5,010,000	\$0.12
Issued	400,000	\$0.06
Balance, September 30, 2023	5,410,000	\$0.12

All of the options issued during 2023 have vested as of September 30, 2024.

Subsequent to the date of these financial statements 5,200,000 options were issued at \$0.05 per share to existing directors, officers and consultants. Vesting occurs over the next two years and if not exercised will expire 5 years from date of grant or November 25, 2029.

e) Warrant transactions and warrants outstanding

Year ended September 30, 2024					
Exercise Price	Expiry	Balance Sept 30, 2023	Warrants Exercised	Warrants Expired	Balance Sept 30, 2024
\$0.18	May 27, 2024	9,615,458	-	(9,615,458)	-

On May 27, 2024, the remaining 9,615,458 warrants outstanding with an exercise price of \$0.18 per share expired without exercise.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

12. Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

The following summarizes the categories of the various financial instruments:

	Sept 30, 2024	Sept 30, 2023
	Carrying Value	
Financial Assets		
Financial assets measured at fair value:		
Short-term investments	\$ 31,035	\$ 89,842
Financial assets measured at amortized cost:		
Cash	158,093	695,912
Accounts receivable	121	-
	\$ 158,214	\$ 695,912
Financial Liabilities		
	Sept 30, 2024	Sept 30, 2023
	Carrying Value	
Financial liabilities measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 46,111	\$ 59,868

The above noted financial instruments are exclusive of any sales tax.

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US\$ denominated liabilities. At September 30, 2024, the Company had US\$1,189 (CAD\$1,605) (2023 - US\$5,852 (CAD\$7,912)) in a US denominated bank account. The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of \$119 (2023 - \$585). Additionally, at September 30, 2024, accounts payable and accrued liabilities include liabilities of US\$nil (CAD\$nil) (2023 - US\$4,290 (CAD\$5,753)), that must be settled in US\$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of \$nil (2023 - \$575) to the amount payable.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

13. General and administrative

	Sept 30, 2024	Sept 30, 2023
Administrative consulting fees	\$ 95,286	\$ 234,731
Share-based compensation (Note 14)	10,294	35,460
Occupancy costs	22,686	13,723
Office, secretarial, supplies and other	45,301	48,299
Insurance	15,091	15,743
Directors' fees	6,000	5,000
Computer network and website maintenance	2,411	3,472
Travel and promotion	994	48,615
	\$ 198,063	\$ 405,043

14. Share-based payment transactions

During the year ended September 30, 2024 the Company did not issue any options, but recognized stock based compensation related to options that were issued in July of 2023 that are now fully vested.

During the year ended September 30, 2023, the Company issued 400,000 options that may be exercised at \$0.06 per share to July 11, 2026. All of the options have vested as of September 30, 2023 other than 150,000 options vesting half January 11, 2024 and the remainder on July 11, 2024. The vested options were valued at \$11,355, and the remainder at \$3,805, using the Black-Scholes Options Pricing model assuming a 3-year term, volatility of 136.86%, a risk free discount rate of 4.46% and a dividend rate of 0%, on the grant date, July 11, 2023.

15. Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

The following adjustments were made in arriving at diluted weighted average number of common shares for the years ended September 30:

Weighted average number of common shares:	2024	2023
	<u>112,895,636</u>	<u>100,333,142</u>
Basic and Diluted		
	<u>112,895,636</u>	<u>100,333,142</u>
Loss per share		
Basic and diluted	\$ (0.00)	\$ (0.01)

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

16. Income tax information

Rate reconciliation:

The combined provision for taxes in the consolidated statement of loss and other comprehensive loss reflects an effective tax rate which differs from the expected statutory rate as follows:

	2024	2023
Income (loss) before income taxes	\$ (279,148)	\$ (535,402)
Computed expected expense (recovery) based on a combined rate of 23.00% (2022 – 23.00%)	(64,204)	(123,142)
Change resulting from:		
True up of opening balance	(26,753)	12,536
Differential tax rate of foreign jurisdiction	(4,776)	9,962
Non-deductible (taxable) items and other	(11,353)	(33,249)
Change in tax rate	-	-
Unrecognized deferred tax asset	107,086	133,893
Income tax expense	\$ -	\$ -

The combined statutory rate is 23.00% for 2024 (2023 – 23.00%). The deferred combined statutory rate is expected to be 23.00% for 2024 and subsequent years (2023 – 23.00%).

Temporary differences and tax loss not recognized for accounting purposes:

	2024	2023
Non-capital loss carry-forwards	\$ 4,375,714	\$ 4,206,570
Capital loss carry-forwards	986,203	986,203
Share issuance costs	20,658	32,399
US net operating loss	4,154,541	3,816,139
Mineral properties	1,672,153	1,933,707
Short-term investments	41,667	28,927
Interest	393,044	199,924
Total	\$ 11,643,980	\$ 11,203,869

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2024, the Company had unused non-capital loss carry forwards of approximately \$4,376,000 million that expire between the years 2026 and 2044. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately US\$3,076,000 (CAD\$4,155,000) (2023 - US\$2,823,000 (CAD\$3,816,000)) that may be carried forward indefinitely.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and Jade Leader. In addition, related parties include members of the board of directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, President and director of CANEX Metals; and 635280 Alberta Ltd., a company controlled by Jean Pierre Jutras, an officer and director of CANEX Metals are also considered related parties. The Company incurred the following amounts charged to (by) related parties:

		Sept 30, 2024	Sept 30, 2023
Key management remuneration			
President and director	a \$	(43,377)	\$ (112,175)
Corporate secretary	b	(37,380)	(39,604)
Chief Financial Officer	c	(1,980)	(1,950)
Directors' fees	d	(6,000)	(5,000)
Total Management remuneration	\$	(88,737)	\$ (158,729)
Other related party transactions			
Jade Leader			
Office rent and operating costs paid	\$	(23,343)	\$ (13,911)
General and administrative and secretarial costs paid	\$	(5,350)	\$ (7,585)
General and administrative and secretarial costs received	\$	435	\$ 463
635280 Alberta Ltd.			
Geological consulting services	e \$	(1,356)	\$ (17,961)

The following amounts were due to or receivable from related parties at the respective year ends:

Balances Receivable (Payable)		Sept 30, 2024	Sept 30, 2023
Consulting fees:			
President and director	a \$	(3,309)	\$ (6,615)
Chief Financial Officer	c \$	-	\$ -
Office rent and operating costs			
Jade Leader	\$	121	\$ -
General and administrative and secretarial costs:			
Jade Leader	\$	(1,539)	\$ (1,452)
Corporate secretary	b \$	-	\$ (2,795)
President and director	a \$	(363)	\$ (979)

Management compensation payable to "key management personnel" during the years ended September 30, 2024 and 2023 is reflected in the table above and consists of consulting fees paid to the President, the CFO, fees for the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. During the years ended September 30, 2024 and 2023, the Company did not grant any stock options to related parties. There were no other benefits granted to officers, directors and consultants during the years ended September 30, 2024 and 2023. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

17. Related party balances and transactions and key management remuneration (continued)

- a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets (Note 8). During the year ended September 30, 2024, \$26,950 (2023 - \$60,025) was expensed through administrative expenses, \$15,427 (2023 - \$52,150) was capitalized to exploration and evaluation assets.
- b) The Corporate Secretary provides services to the Company on a contract basis.
- c) The Chief Financial Officer provides services to the Company on a contract basis.
- d) The Company pays directors who are not officers, \$500 for attendance at board meetings. There are three directors who are not officers and the amounts above reflect directors' fees paid/payable for meetings attended during the above-noted periods.
- e) During the years ended September 30, 2024 and 2023, geological consulting services were provided by 635280 Alberta Ltd.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

18. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss for the years ended:

	Sept 30, 2024	Sept 30, 2023
Loss and comprehensive loss	\$ (279,148)	\$ (535,402)
Stock-based compensation	10,294	35,460
Accretion	2,131	-
Interest and other items	(9,820)	(24,287)
(Gain) loss on short-term investments	(1,137)	61,601
Changes in assets and liabilities pertaining to operations:		
Accounts receivable	2,532	298
Prepaid expenses	23,321	105
Accounts payable and accrued liabilities	(73)	(3,481)
Cash paid to suppliers and contractors	\$ (251,900)	\$ (465,706)

Reconciliation of cash expended on exploration and evaluation assets for the years ended:

	Sept 30, 2024	Sept 30, 2023
Change in exploration and evaluation assets	\$ (659,916)	\$ (1,140,544)
Property acquisition – Share issuance	318,296	112,500
Provision for decommissioning	9,520	-
Accounts receivable	1,549	(196)
Accounts payable and accrued liabilities	(13,679)	(29,831)
Cash expended on exploration and evaluation assets	\$ (344,230)	\$ (1,058,071)

Interest and taxes

No cash was expended on interest or taxes during the years ended September 30, 2024 and September 30, 2023.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

18. Supplemental disclosure statement of cash flows

Non-cash transactions

During the year ended September 30, 2024, the Company issued 8,694,170 common shares valued at \$304,296 pursuant to an option agreement on the Gold Range Property. In addition, 200,000 common shares valued at \$14,000 were issued pursuant to an option agreement on the Louise Lake Property (See "Note 8 – Exploration and evaluation assets" for more information)

During the year ended September 30, 2023, the Company issued 1,000,000 common shares valued at \$112,500 pursuant to an option agreement on the Gold Range Property. (See "Note 8 – Exploration and evaluation assets" for more information)

The Company also granted 400,000 (2022-1,525,000) stock options to consultants and recorded a non-cash charge for stock based payments of \$35,460 (2022-\$139,038) that is included in general and administrative expenses (Note 13). Refer to Note 14 – "Share-based payment transactions" for further information.

The Company did not grant any stock options to officers, directors and consultants but recorded a non-cash charge for stock based payments of \$10,294 (2022-\$35,460) related to the vesting of the 400,000 options issued in 2023. These amounts are included in general and administrative expenses (Note 13). Refer to Note 14 – "Share-based payment transactions" for further information.

19. Segment disclosures

During the years ended September 30, 2024 and September 30, 2023, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada and/or the United States. Activities undertaken in both countries were similar in nature. As at September 30, 2024, the value of non-current assets associated with United States operations is \$5,726,071 (2023 - \$5,086,551) including exploration and evaluation asset advances and deposits of \$41,164 (2023 - \$32,966) and exploration and evaluation assets of \$5,684,907 (2023 - \$5,053,585). All remaining non-current assets are associated with Canadian operations. Consequently, segmented information is not presented in these financial statements. Refer to Note 8 – "Exploration and evaluation assets" for details of the carrying amounts of these assets at the respective period ends.

20. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as capital stock, warrants, contributed surplus and deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options will be investigated. The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances and Term Deposits until such time as it required to pay operating expenses and mineral property costs, including option payments (Note 8). The Company objective is to manage its capital to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

21. Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, excluding sales tax. The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at September 30, 2024 and September 30, 2023.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. During the year ended September 30, 2024, the Company did not raise any equity financing. Increases in activity levels, new property acquisitions and any level of exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations and continuance of operations" and Note 22 – "Commitments and subsequent events".

The Company's significant remaining contractual maturities for financial liabilities as at September 30, 2024 and 2023 are as follows:

- Accounts payable and accrued liabilities are due within one year.

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the year ended September 30, 2024, the market price fluctuation on the investments held resulted in a negative valuation adjustment of \$62,501 (2023 - \$57,854) on short-term investments. In 2024, a 10% change in fair value of the Company's marketable investments would result in a charge to income of \$3,104 (2023 - \$8,984). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests and as a result it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

CANEX Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2024

21. Financial risk management (continued)

e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The Company has disclosed US\$ commitments pertaining to option agreements in Note 8 – “Exploration and evaluation assets”. Refer to Note 12 – “Financial instruments for the foreign exchange risk associated with the foreign denominated cash balances held, as well as accounts payable that must be settled in US\$ at September 30, 2024 and September 30, 2023.

22. Commitments and Subsequent event

Subsequent to year end September 30, 2024, the Company entered into a financial advisory consulting agreement whereby the contractor will receive \$25,000 in cash over the three month term of the contract, expiring December 31, 2024.

Closing in two tranches, November 14 and November 25, 2024, the Company issued equity by way of a non-brokered private placement raising gross proceeds of \$437,001.91. The financing included 3,000,000 common shares priced at \$0.045 per share and 5,033,365 flow-through common shares priced at \$0.06 per share. The Company will use the proceeds from the flow-through financing to further explore the Louise Lake Property in British Columbia, Canada and will use the proceeds from the common share issuance for further exploration at the Gold Range Property in Arizona, USA and for general corporate purposes. Insiders purchased a total of 111,108 common shares and 583,335 flow through shares and there were no commissions paid to agents on the financing.

On November 25, 2024 the Company announced the issuance of 5,200,000 incentive stock options to existing officers, directors and consultants. The options are priced at \$.05 per share, with a portion vesting immediately and the balance over two years. The incentive options will expire five years from the date of issue unless exercised or cancelled.