

Condensed Consolidated Interim Financial Statements of

Azucar Minerals Ltd.

For the three and nine months ended September 30, 2024
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Azucar Minerals Ltd. (“the Company”) for the three and nine months ended September 30, 2024 have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

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

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

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

Azucar Minerals Ltd.

Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2024	December 31, 2023
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	1,755,258	1,127,401
Accounts receivable and prepaid expenses (Note 4)	27,087	44,929
	1,782,345	1,172,330
Non-current assets		
Property and equipment (Note 5)	81,143	88,827
Exploration and evaluation assets (Note 6)	1	1
	81,144	88,828
TOTAL ASSETS	1,863,489	1,261,158
LIABILITIES		
Current liabilities		
Trade and other payables (Note 8(b))	51,814	45,074
Total liabilities	51,814	45,074
EQUITY		
Share capital (Note 7)	24,043,321	24,043,321
Reserves (Note 7)	3,925,324	3,914,644
Deficit	(26,156,970)	(26,741,881)
Total equity	1,811,675	1,216,084
TOTAL EQUITY AND LIABILITIES	1,863,489	1,261,158

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 13, 2024.

They are signed on the Company's behalf by:

/s/Duane Poliquin
Director

/s/ Fuad Sillem
Director

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

Azucar Minerals Ltd.

Condensed consolidated interim statements of comprehensive income (loss)

(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Expenses				
Administrative services fee (Note 8(a)(b))	39,571	18,813	77,001	56,354
Depreciation (Note 5)	2,561	3,727	7,684	11,180
Office	6,636	8,583	22,794	38,197
Professional fees	20,899	29,775	84,717	75,774
Transfer agent and filing fees	9,627	4,845	36,357	21,268
Share-based payments (Note 7(b))	-	31,824	10,680	191,234
	79,294	97,567	239,233	394,007
Other income				
Interest income	96,422	58,763	257,039	87,580
Recovery of exploration and evaluation assets (Note 6)	286,421	-	602,942	-
Foreign exchange gain (loss)	(38,593)	3,399	(35,837)	16,427
	344,250	62,162	824,144	104,007
Total comprehensive income (loss) for the period	264,956	(35,405)	584,911	(290,000)
Basic and diluted net income (loss) per common share (Note 9)	0.01	(0.00)	0.01	(0.00)

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

Azucar Minerals Ltd.

Condensed consolidated interim statements of cash flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Operating activities				
Net income (loss) for the period	264,956	(35,405)	584,911	(290,000)
Items not affecting cash				
Depreciation	2,561	3,727	7,684	11,180
Recovery of exploration and evaluation assets	(286,421)	-	(602,942)	-
Share-based payments	-	31,824	10,680	191,234
Changes in non-cash working capital components				
Accounts receivable and prepaid expenses	(6,348)	(15,573)	17,842	4,353
Trade and other payables	26,032	(463)	6,740	(65,694)
Net cash from (used in) operating activities	780	(15,890)	24,915	(148,927)
Investing activities				
Exploration and evaluation assets - costs	286,421	117,325	602,942	130,493
Net cash from investing activities	286,421	117,325	602,942	130,493
Change in cash and cash equivalents	287,201	101,435	627,857	(18,434)
Cash and cash equivalents, beginning of period	1,468,057	1,074,383	1,127,401	1,194,252
Cash and cash equivalents, end of period	1,755,258	1,175,818	1,755,258	1,175,818
Supplemental cash flow information (Note 10)				

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

Azucar Minerals Ltd.

Condensed consolidated interim statement of changes in equity
(Unaudited - Expressed in Canadian dollars)

	<u>Share Capital</u>		<u>Reserves</u>		<u>Deficit</u>	<u>Total</u>
	Number of shares	Amount \$	Share-based payments \$	Total Reserves \$		
Balance, January 1, 2023	73,829,025	24,043,321	3,704,287	3,704,287	(3,591,507)	24,156,101
Share-based payments	-	-	191,234	191,234	-	191,234
Total comprehensive loss for the period	-	-	-	-	(290,000)	(290,000)
Balance, September 30, 2023	73,829,025	24,043,321	3,895,521	3,895,521	(3,881,507)	24,057,335
Share-based payments	-	-	19,123	19,123	-	19,123
Total comprehensive loss for the period	-	-	-	-	(22,860,374)	(22,860,374)
Balance, December 31, 2023	73,829,025	24,043,321	3,914,644	3,914,644	(26,741,881)	1,216,084
Share-based payments	-	-	10,680	10,680	-	10,680
Total comprehensive income for the period	-	-	-	-	584,911	584,911
Balance, September 30, 2024	73,829,025	24,043,321	3,925,324	3,925,324	(26,156,970)	1,811,675

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

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Azucar Minerals Ltd. (the “Company” or “Azucar”) was incorporated on April 10, 2015 under the laws of the Province of British Columbia. The Company’s business activity is the exploration of the El Cobre project in Veracruz, Mexico. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “AMZ”. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Company’s registered and records office is Suite 1710 –1177 West Hastings Street, Vancouver, BC, Canada V6E 2L3.

The business of exploring for minerals and mine development involves a high degree of risk and there can be no assurance that any of the Company’s current or future exploration programs will result in profitable mining operations. The Company has no source of revenue.

These condensed consolidated interim financial statements were prepared on a “going concern” basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2024, the Company had a working capital surplus of \$1,730,531 (December 31, 2023 – \$1,127,256). The Company does not currently hold any revenue-generating properties and therefore continues to incur losses. The Company incurred a net income for the nine months ended September 30, 2024, of \$584,911 (2023 – net loss of \$290,000) and positive cash flows from operations of \$24,915 for the nine months ended September 30, 2024 (2023 – negative cash flow from operations of \$148,927). As at September 30, 2024, the Company had an accumulated deficit of \$26,156,970 (December 2023 – \$26,741,881). The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and in the meantime, to obtain the necessary financing to repay its liabilities when they become due. Management estimates that there is sufficient working capital to sustain operations for the next twelve months. External financing will be sought to finance the operations of the Company and enable the Company to continue its efforts towards the exploration and development of its mineral properties. There can be no assurance that steps management is taking will be successful. These condensed consolidated interim financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards (“IAS”) 34 “*Interim Financial Reporting*” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

(b) Basis of preparation

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes the Company will continue its operations for a reasonable period of time. The Company’s ability to continue its operations is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

2. Basis of Presentation (Continued)

(b) Basis of preparation (Continued)

Except as described below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2023.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ended December 31, 2024.

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ended December 31, 2024.

3. Material Accounting Policies

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. There have been no changes in estimates since the annual consolidated financial statements as at and for the year ended December 31, 2023.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	September 30, 2024	December 31, 2023
	\$	\$
Accounts receivable	7,676	9,312
Prepaid expenses	19,411	35,617
	<u>27,087</u>	<u>44,929</u>

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

5. Property and Equipment

	Computer hardware	Computer software	Building	Total
	\$	\$	\$	\$
Cost				
December 31, 2023	4,781	26,006	118,420	149,207
Additions	-	-	-	-
September 30, 2024	4,781	26,006	118,420	149,207
Accumulated depreciation				
December 31, 2023	3,959	20,013	36,408	60,380
Depreciation	185	1,348	6,151	7,684
September 30, 2024	4,144	21,361	42,559	68,064
Carrying amounts				
December 31, 2023	822	5,993	82,012	88,827
September 30, 2024	637	4,645	75,861	81,143

6. Exploration and Evaluation Assets

Exploration and evaluation assets – El Cobre	\$
Acquisition costs:	
Opening balance – December 31, 2023	1
Additions	-
Closing balance – September 30, 2024	1
Deferred exploration costs:	
Opening balance - December 31, 2023	-
Costs incurred during the year:	
Professional fees and security	29,125
Claim maintenance/lease costs	70,284
Travel and accommodation	4,076
Supplies and miscellaneous	9,570
Environmental	15,648
Refund value-added tax	(740,087)
Value-added tax	8,442
Recovery of deferred exploration costs	602,942
Total deferred exploration costs during the period	-
Closing balance – September 30, 2024	1
Total exploration and evaluation assets	1

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2024
(Unaudited - Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

The following is a description of the Company's property interest and related spending commitments:

(a) *El Cobre*

The Company owns a 100% interest in the El Cobre property located in the state of Veracruz, Mexico.

7. Share Capital and Reserves

(a) *Authorized share capital*

At September 30, 2024, the Company's authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) *Stock option plan*

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At September 30, 2024, the Company may reserve up to 1,553,903 shares that may be granted as stock options. The exercise price of any option cannot be less than the discounted market price. The maximum term of all options is ten years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the period ended September 30, 2024 vested on the grant date.

The continuity of stock options for the period ended September 30, 2024 is as follows:

Expiry date	Exercise price	December 31, 2023	Granted	Exercised	Expired/cancelled	September 30, 2024
February 28, 2024	\$ 0.09	400,000	-	-	(400,000)	-
March 10, 2027	\$ 0.11	400,000	-	-	-	400,000
March 10, 2027	\$ 0.09	425,000	-	-	-	425,000
December 17, 2027	\$ 0.06	380,000	-	-	-	380,000
May 12, 2028	\$ 0.09	3,188,200	-	-	(25,000)	3,163,200
July 10, 2028	\$ 0.05	1,060,800	-	-	-	1,060,800
May 10, 2029	\$ 0.04	-	400,000	-	-	400,000
Options outstanding and exercisable		5,854,000	400,000	-	(425,000)	5,829,000
Weighted average exercise price		\$ 0.08	\$ 0.04	-	\$ 0.09	\$ 0.08

During the period ended September 30, 2024, the Company recognized share-based payments expenses of \$10,680 (2023 - \$191,234) associated with the vesting of stock options granted.

The fair value of the options granted during the period ended September 30, 2024 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2024
(Unaudited - Expressed in Canadian dollars)

7. Share Capital and Reserves (Continued)

(b) Stock option plan (Continued)

Risk-free interest rate	3.64%
Expected life	5 years
Expected volatility	80.96%
Expected dividend yield	Nil
Weighted average fair value per option	\$0.03

8. Related Party Transactions and Balances

(a) Compensation of key management personnel

Key management personnel include these persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice President. These amounts are included within administrative services fee expense. The aggregate value of compensation to key management personnel was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Management fees ⁽¹⁾	26,525	12,363	51,250	37,088
Share-based payments	-	22,050	10,680	142,550
	26,525	34,413	61,930	179,638

⁽¹⁾ Management fees are recorded within Administrative services fees.

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to Almaden Minerals Ltd. (“Almaden”) pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

Almaden and the Company are considered related parties through common officers.

At September 30, 2024, included in trade and other payables is \$14,430 (December 31, 2023 - \$7,005) due to Almaden.

Other

Almadex and the Company are considered related parties through common officers.

Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

9. Net Income (Loss) per Share

Basic and diluted net income (loss) per share

The calculation of basic net income per share for the three months ended September 30, 2024 was based on the net income attributable to common shareholders of \$264,956 (2023 – Net loss of \$35,405) and a weighted average number of common shares outstanding of 73,829,025 (2023 – 73,829,025).

The calculation of basic net income per share for the nine months ended September 30, 2024 was based on the net income attributable to common shareholders of \$584,911 (2023 – Net loss of \$290,000) and a weighted average number of common shares outstanding of 73,829,025 (2023 – 73,829,025).

The calculation of diluted net income per share for the three months ended September 30, 2024 includes a weighted average number of common shares outstanding of 73,829,025, adjusted for the effects of all dilutive potential common shares, which comprises nil stock options and nil warrants.

The calculation of diluted net income per share for the nine months ended September 30, 2024 includes a weighted average number of common shares outstanding of 73,829,025, adjusted for the effects of all dilutive potential common shares, which comprises nil stock options and nil warrants.

The calculation of diluted net loss per share for the three and nine months ended September 30, 2023 did not include the effect of stock options and warrants as they were considered anti-dilutive.

10. Supplemental Cash Flow Information

Cash equivalents include term deposits with an original maturity of three months or less, or are readily convertible into a known amount of cash.

Cash and cash equivalents is comprised of the following:

	September 30,	December 31,
	2024	2023
	\$	\$
Cash	947,803	1,127,401
Term Deposits	807,455	-
	1,755,258	1,127,401

11. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

The Company does not carry any financial instruments at fair value.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk.

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

11. Financial Instruments (Continued)

(a) Currency risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures 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 Company does not invest in foreign currency contracts to mitigate the risks.

As at September 30, 2024, the Company is exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

	US dollar	Mexican peso
All amounts in Canadian dollars		
	\$	\$
Cash and cash equivalents	811,516	534,628
Accounts receivable and prepaid expenses	-	16
Total assets	811,516	534,644
Trade and other payables	-	19,338
Total liabilities	-	19,338
Net assets	811,516	515,306

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$81,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$51,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

As at September 30, 2024, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

11. Financial Instruments (Continued)

(d) 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 exposed to varying interest rates on cash and cash equivalents. The Company has no interest-bearing debt.

A 1% change in the interest rate does not have any significant impact on the Company's net loss.

(e) Commodity and equity price risk

The ability of the Company to explore its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company. Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

12. Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its 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 and acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the upcoming fiscal year. There have been no changes to the Company's capital management approach during the year. The Company is not subject to externally imposed capital requirements.

13. Segmented Information

The Company operates in two reportable operating segments, being the acquisition and exploration of mineral resource properties in Mexico.

Geographic information is as follows:

Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2024

(Unaudited - Expressed in Canadian dollars)

13. Segmented Information *(Continued)*

	Property and equipment	Exploration and evaluation assets	September 30, 2024
	\$	\$	\$
Mexico	76,227	1	76,228
Canada	4,916	-	4,916
	81,143	1	81,144

The Company's revenue from interest income on cash and cash equivalents was earned in Canada and Mexico.