Axo Copper Corp.

Consolidated Financial Statements
June 30, 2025 and 2024
(expressed in Canadian dollars)

October 24, 2025

Management's Report

The accompanying consolidated financial statements of Axo Copper Corp. (the Company) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Jonathan Egilo*"
Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Keith Abriel*"
Chief Financial Officer
Halifax, Nova Scotia

Independent auditor's report

To the Shareholders of Axo Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Axo Copper Corp. and its subsidiaries (together, the Company) as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2025 and 2024;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of net loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 for the year ended June 30, 2025. 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.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment of resource properties *Refer to note* 2 *– Basis of presentation, note 3 – Material accounting policies and note 6 – Resource properties to the consolidated financial statements.* The carrying amount of resource properties was $15,035,903 as at June 30, 2025. At the end of each reporting period, management assesses whether there are any indicators of impairment related to resource properties. Management applies judgment in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, whether substantive expenditures on further exploration and evaluation activities of resource properties are budgeted and whether results of exploration and evaluation activities on the resource properties indicate that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale. No indicators of impairment were identified by management as at June 30, 2025. We considered this a key audit matter due to the significance of the resource properties and the judgments made by management in its assessment of indicators of impairment which have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgment applied by management in determining the indicators of impairment, which included the following: – Obtained, for all claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. – Read board of directors' minutes and obtained budget approvals to evidence continued and planned substantive expenditures on further exploration and evaluation activities. – Assessed whether results of exploration and evaluation activities, or other facts and circumstances, suggest that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
October 24, 2025

Axo Copper Corp.

Consolidated Statements of Financial Position

As at June 30, 2025 and 2024

(expressed in Canadian dollars)

	2025 $	2024 $
Assets		
Current assets		
Cash and cash equivalents	10,037,047	4,870,348
Sales tax recoverable	93,337	12,481
Prepaid expenses	313,226	14,336
Share subscriptions receivable (note 9)	-	3,750
	10,443,610	4,900,915
Resource properties (note 6)	15,035,903	9,886,454
	25,479,513	14,787,369
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,438,293	541,466
Equity (note 9)	24,041,220	14,245,903
	25,479,513	14,787,369

Commitments (note 6)

Subsequent event (note 14)

Approved by the Board of Directors

Signed "*Glenn Jessome*", Director

Signed "*Douglas Reid*", Director

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

Axo Copper Corp.

Consolidated Statements of Changes in Equity

For the years ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	Number of common shares #	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance – June 30, 2023	100,797,806	11,197,323	49,000	134,000	(90,185)	11,290,138
Net loss and comprehensive loss for the year	-	-	-	-	(360,602)	(360,602)
Shares issued for cash, net of issue costs (note 9)	6,495,000	2,431,117	-	-	-	2,431,117
Shares issued to settle agents' commissions (note 9)	93,127	37,250	-	-	-	37,250
Shares issued pursuant to the La Gallina Rights Option Agreement (notes 6 and 9)	1,000,000	400,000	-	-	-	400,000
Stock-based compensation (note 9)	-	-	448,000	-	-	448,000
Issuance of compensation warrants (note 9)	-	(31,000)	-	31,000	-	-
Balance – June 30, 2024	108,385,933	14,034,690	497,000	165,000	(450,787)	14,245,903
Net loss and comprehensive loss for the year	-	-	-	-	(1,423,776)	(1,423,776)
Units issued for cash, net of issue costs, pursuant to the IPO (note 9)	20,909,300	9,276,093	-	891,000	-	10,167,093
Shares issued pursuant to the La Gallina Rights Option Agreement (notes 6 and 9)	1,000,000	400,000	-	-	-	400,000
Stock-based compensation (note 9)	-	-	652,000	-	-	652,000
Balance – June 30, 2025	130,295,233	23,710,783	1,149,000	1,056,000	(1,874,563)	24,041,220

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

Axo Copper Corp.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	2025 $	2024 $
Operating expenses		
Consulting fees (note 8)	132,812	-
Dues and fees	645	-
Insurance	87,355	25,730
Office and other	28,201	6,118
Professional fees	242,401	146,245
Shareholder communications	102,175	15,000
Stock-based compensation (note 9)	652,000	448,000
Travel	41,803	3,301
Wages and benefits	237,425	14,042
	1,524,817	658,436
Other expenses (income)		
Interest income	(108,934)	(335,044)
Foreign exchange loss	7,893	37,210
	(101,041)	(297,834)
Net loss and comprehensive loss for the years	1,423,776	360,602
Loss per share – Basic and diluted	0.01	0.00
Weighted average outstanding common shares – Basic and diluted	110,571,005	105,131,363

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

Axo Copper Corp.

Consolidated Statements of Cash Flows

For the years ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	2025 $	2024 $
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the years	(1,423,776)	(360,602)
Charges to net loss and comprehensive loss not affecting cash		
Stock-based compensation (note 9)	652,000	448,000
	(771,776)	87,398
Changes in non-cash working capital balances related to operations		
Sales tax recoverable	(80,856)	(11,474)
Prepaid expenses	(298,890)	(14,336)
Accounts payable and accrued liabilities	101,319	137,114
	(1,050,203)	198,702
Investing activity		
Expenditures on resource properties (notes 6 and 12)	(4,453,735)	(6,393,045)
Financing activities		
Proceeds from issuance of Units pursuant to the IPO Offering (note 9)	11,500,115	-
Proceeds from issuance of common shares (note 9)	3,750	2,548,000
Share issue costs paid (notes 9 and 12)	(833,228)	(115,236)
	10,670,637	2,432,764
Change in cash and cash equivalents during the years	5,166,699	(3,761,579)
Cash and cash equivalents – Beginning of years	4,870,348	8,631,927
Cash and cash equivalents – End of years	10,037,047	4,870,348

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

1 Nature of operations

Axo Copper Corp. (the "Company") was incorporated under the Canada Business Corporations Act on April 15, 2021. The Company's common shares began trading on the TSX Venture Exchange ("TSX-V") on June 4, 2025 under the trading symbol AXO. The Company's registered office is located at 2446 Purcells Cove Road, Halifax, Nova Scotia. The Company has one reportable and one geographic segment.

The Company is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for copper and other base metals. To date, the Company has not generated any revenue and is considered to be in the exploration stage. The Company is in the process of exploring and evaluating its resource properties in Mexico. The recoverability of amounts spent for the acquisition, exploration and development of the resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The operations of the Company will require various licenses and permits from governmental authorities, which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture.

2 Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The Board of Directors approved the consolidated financial statements for issue on October 24, 2025.

Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting year. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and judgments are discussed below.

- Going concern

  The Company's assessment of whether material uncertainties exist in relation to the Company's ability to continue as a going concern requires significant judgment. Management prepares detailed cash flow projections, considering expected spending on its resource properties and general and administrative

2 Basis of presentation (continued)

expenses and assesses whether it has the ability to meet its obligations as they come due, for a minimum of a 12-month period from the consolidated statements of financial position dates.

- Recoverability of resource properties

At the end of each reporting period, management assesses whether there are any indicators of impairment related to resource properties. Management applies judgment in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and whether results of exploration and evaluation activities on the resource properties indicate that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale. No indicators of impairment were identified by management as at June 30, 2025 and June 30, 2024.

Where an indicator of impairment exists, an estimate of the recoverable amount is calculated by management, which is considered to be the higher of fair value less cost of disposal and value in use. The value in use of resource properties is generally determined as the present value of future cash flows arising from the continued use of the assets. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The fair value of resource properties is estimated by management through the use of, where available, comparison to similar assets and industry benchmarks. Actual results may differ materially from these estimates.

- Recoverability of VAT

Management's assumptions regarding the recoverability of Value Added Tax (VAT) receivable in Mexico, at the end of each reporting period are made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country. Collection of the amount receivable depends on processing and payment of the claims by the government in Mexico. The Company has approximately $1,690,000 of VAT receivable at June 30, 2025 (June 30, 2024 – $1,150,000). The Company is pursuing collection, but given anticipated delays in processing and uncertainty of collection, management has determined that it is appropriate to classify this amount to the resource properties to which the VAT paid is related. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

2 Basis of presentation (continued)

- Share-based payments

  The Company issues equity-settled share-based payments to certain employees, directors and third parties outside the Company. Equity-settled share-based payments are measured at estimated fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is estimated using the Black-Scholes option pricing model and requires the exercise of judgment in relation to variables such as the expected life and expected volatilities, which are based on information available at the time the fair value is measured.

3 Material accounting policies

The consolidated financial statements have been prepared within the framework of the accounting policies summarized below.

Consolidation

The financial statements of the Company consolidate the accounts of the Company and the following subsidiaries:

Company	Activity	Country of incorporation
Coppercu Can Corp.	Holding company	Canada
Axo Copper S.A. de C.V.	Mineral exploration company	Mexico

All subsidiaries are 100% owned.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. There are no non-controlling interests; therefore, all loss and comprehensive loss is attributable to the shareholders of the Company.

Resource properties

Once the Company has obtained the legal right to explore, initial acquisition costs and exploration costs related to resource properties are deferred until such time as the properties are put into commercial production, sold or abandoned or management determines that the resource properties are not economically viable, at which time the resource properties are tested for impairment and written down to their recoverable amount. Under this method, all amounts shown as resource properties represent costs incurred to date less accumulated impairment.

If any properties are put into commercial production, the carrying values of the properties will be depleted following the unit of production method.

3 Material accounting policies (continued)

The carrying values of resource properties, on a property-by-property basis, are reviewed by management at each balance sheet date to determine if indicators of impairment exist. If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the resource properties is reduced to its recoverable amount through a charge to the consolidated statements of net loss and comprehensive loss. The recoverability of the amounts capitalized for the resource properties is dependent upon obtaining the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the resource properties are no longer classified as resource properties and are tested for impairment prior to their reclassification to development assets.

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and liabilities are recognized for all future tax consequences attributable to the differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases, except for the initial recognition of goodwill and the initial recognition of an asset or liability, which at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax assets are also recognized for unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws expected to apply when the carrying amount of the assets or liabilities are recovered or settled or the unused losses are expected to be utilized.

Current and deferred income tax expense is recognized in the consolidated statements of net loss and comprehensive loss for the year, except to the extent that the income taxes related to a transaction or event which is recognized, in the same or different period, either in other comprehensive loss or directly in equity.

Stock-based compensation

The Company grants stock options to certain officers, directors and consultants. Stock options vest in accordance with the individual option granting contracts and expire after ten years or as determined by the Board of Directors when granted. Each grant is considered a separate award with its own vesting period and estimated grant date fair value. Estimated fair value of each grant is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the grant’s vesting period by increasing contributed surplus based on the number of awards expected to vest. Consideration paid by the directors and officers upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as share capital.

3 Material accounting policies (continued)

Share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs.

Warrants

Proceeds on the issuance of warrants are recorded in a separate component of equity as the warrants give right to a fixed number of the Company's common shares. Costs incurred on the issuance of warrants are recognized as a deduction from warrant proceeds. Warrants issued with common shares as part of a unit are measured using the residual value method. The fair value is included as a component of equity and is transferred from warrants to share capital on exercise.

Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year. Diluted loss per share for the periods presented is the same as basic loss per share, as the Company has incurred losses and the exercise of options and warrants would be anti-dilutive.

Functional and presentation currency and foreign currency translation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates, and the consolidated financial statements are presented in Canadian dollars.

The functional currency of all subsidiaries and the parent company is Canadian dollars. Foreign currency transactions are recorded at the foreign exchange rate in effect on the date of the transaction and gains and losses resulting from the settlement of such transactions are recorded in the consolidated statements of net loss and comprehensive loss.

3 Material accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the consolidated statements of net loss and comprehensive loss. All of the Company's financial instruments are measured at amortized cost.

4 Changes in accounting policies and disclosures and future accounting policy changes

Adoption of New Accounting Standards

Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Presentation of Financial Statements re: Non-current Liabilities with Covenants

The amendments clarify the requirements on determining whether a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants. The amendments are effective for reporting periods beginning on or after January 1, 2024. The adoption of these amendments did not have a material impact on the consolidated financial statements.

4 Changes in accounting policies and disclosures and future accounting policy changes (continued)

Future Accounting Pronouncements

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures re: Classification and Measurement of Financial Instruments

The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, provide additional clarity and guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain financial instruments with contractual terms that can change cash flows and update the disclosures for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. The impact to the consolidated financial statements of these amendments is being determined.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements. IFRS 18 will retain many of the existing principles in IAS 1 and will focus on updates to the statement of profit or loss. Key new concepts relate to the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change the line items presented in the financial statements and what an entity reports as its 'operating profit or loss'. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. Earlier adoption is permitted. The impact to the consolidated financial statements of the adoption of this standard is being determined.

5 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which, as at June 30, 2025 totalled $24,041,220 (June 30, 2024 - $14,245,903). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

(expressed in Canadian dollars)

6 Resource properties

	La Gallina $	Los Juanes $	Total $
Balance – June 30, 2023	2,363,768	2,059,593	4,423,361
Exploration and property costs incurred	2,840,855	2,622,238	5,463,093
Balance – June 30, 2024	5,204,623	4,681,831	9,886,454
Exploration and property costs incurred	3,473,225	1,676,224	5,149,449
Balance – June 30, 2025	8,677,848	6,358,055	15,035,903

On November 10, 2022, the Company entered into an agreement (the "Rights Option Agreement") which provides the exclusive option to acquire 100% of the rights to the La Gallina concession ("La Gallina") of the La Huerta copper project ("La Huerta"). The La Gallina concession is located in the state of Jalisco, Mexico and covers approximately 11,306 hectares. As consideration, the Company agreed to make the following cash payments and common share issuances:

	Cash US$	Common Share #
At inception	1,000,000	-
Due 1 year after signing, paid monthly	1,500,000	1,000,000
Due 2 years after signing, paid monthly	1,500,000	1,000,000
Due 3 years after signing, paid monthly	1,500,000	1,000,000
Due 4 years after signing, paid monthly	2,500,000	2,000,000
	8,000,000	5,000,000

The Company made a payment of US$1,000,000 at inception of the Rights Option Agreement. Pursuant to the Rights Option Agreement, the annual amounts owing subsequent to inception are payable in equal monthly installments which commenced in November 2023. As of June 30, 2025, 20 monthly payments of US$125,000 (June 30, 2024 – 8 monthly payments of US$125,000) have been made pursuant to the Rights Option Agreement. During the year ended June 30, 2025, 1,000,000 common shares (June 30, 2024 – 1,000,000 common shares) were issued pursuant to the Rights Option Agreement and recorded as a resource property cost at a value of $0.40 per common share (note 9). The Company can terminate the Rights Option Agreement at any time by providing 60 days written notice.

On May 4, 2023, the Company entered into an agreement (the "Rights Assignment Agreement") which provides for the assignment of 100% of the exclusive rights to the Los Juanes concession ("Los Juanes") of the La Huerta copper project. The Los Juanes concession is located in the state of Jalisco, Mexico and covers

(expressed in Canadian dollars)

6 Resource properties (continued)

approximately 25 hectares. The Rights Assignment Agreement required the Company to make a one-time payment of MxP350,000, which was paid on May 14, 2024.

Upon signing of the Rights Assignment Agreement on May 4, 2023, payments due pursuant to a commercial agency agreement (the "Commercial Agency Agreement") signed on January 15, 2022 became effective. Pursuant to the Commercial Agency Agreement, the Company has agreed to make the following cash payments:

	Cash US$
At inception	600,000
During 1st year after signing, paid monthly	500,000
During 2nd year after signing, paid monthly	500,000
During 3rd year after signing, paid monthly	500,000
During 4th year after signing, paid monthly	500,000
During 5th year after signing, paid monthly	500,000
	3,100,000

In accordance with Commercial Agency Agreement, the annual amounts are being paid in equal monthly installments over each year. The Company can terminate the Commercial Agency Agreement at any time if it no longer wishes to acquire and maintain an interest in the Los Juanes concession. At both June 30, 2025 and June 30, 2024, two monthly payments due pursuant to the Commercial Agency Agreement have been recorded in accounts payable and accrued liabilities.

(expressed in Canadian dollars)

7 Accounts payable and accrued liabilities

	2025 $	2024 $
Accounts payable	1,325,793	191,466
Accrued liabilities	112,500	350,000
	1,438,293	541,466

8 Related party transactions

Consulting services were provided during the year ended June 30, 2025 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the year ended was $132,812 (June 30, 2024 – $nil). The Company recorded these costs to consulting fees.

9 Shareholders' equity

Capital stock

Authorized
Unlimited number of common shares, without nominal or par value

Issued and outstanding

	Number of shares \#	Amount $
Balance – June 30, 2023	**100,797,806**	**11,197,323**
Shares issued for cash, net of issue costs	6,495,000	2,431,117
Shares issued to settle agents' commissions	93,127	37,250
Shares issued pursuant to the La Gallina Rights Option Agreement (note 6)	1,000,000	400,000
Issuance of compensation warrants recorded as share issue costs	-	(31,000)
Balance – June 30, 2024	**108,385,933**	**14,034,690**
Shares issued for cash, net of issue costs, pursuant to the IPO Offering	20,909,300	9,276,093
Shares issued pursuant to the La Gallina Rights Option Agreement (note 6)	1,000,000	400,000
Balance – June 30, 2025	**130,295,233**	**23,710,783**

9 Shareholders' equity (continued)

On June 4, 2025, the Company completed an initial public offering (the "IPO") pursuant to which the Company's common shares began trading on the TSX-V under the trading symbol AXO. In connection with the IPO, the Company completed an offering (the "IPO Offering") of units ("Unit" or "Units") pursuant to which the Company issued 20,909,300 Units at a price of $0.55 per Unit for total gross proceeds of $11,500,115. Each Unit consisted of one common share and one-half of one common share warrant ("IPO Warrant"), whereby each whole IPO Warrant entitles the holder to purchase one common share at a price of $0.70 at any time prior to the close of business on June 4, 2027 (2 years from the completion of the IPO), subject to certain adjustments. Pursuant to the closing of the IPO Offering, the Company paid Underwriters' commissions of $490,116, which have been recorded as share issue costs. In addition to the Underwriters' commissions, the Company incurred professional and listing fees of $842,906 in connection with the IPO Offering. The estimated fair value of the IPO Warrants issued pursuant to the IPO Offering was $891,000, or approximately $0.085 per IPO Warrant, calculated using the residual value method; accordingly, $891,000 of the gross proceeds of the IPO Offering have been allocated to the IPO Warrants. Immediately following the completion of the IPO Offering, 107,385,933 common shares (representing 82.4% of the issued and outstanding shares) were held in escrow pursuant to securities and listing regulations and are scheduled for release over a 36 month period following the Company's TSX-V listing on June 4, 2025. At June 30, 2025, 94,494,426 common shares (representing 72.5% of the issued and outstanding shares) remained in escrow. These common shares rank equally with other common shares but are subject to resale restrictions until released from escrow.

During the year-ended June 30, 2024, the Company issued 2,870,000 common shares at a price of $0.40 per common share for gross proceeds of $1,148,000 and incurred a finder's fee and other share issue costs totalling $33,665 on a non-brokered private placement basis.

During the year-ended June 30, 2024, on July 21, 2023, the Company completed a brokered private placement (the "2024 Brokered Private Placement") resulting in the issuance of 3,625,000 common shares at a price of $0.40 per common shares for gross proceeds of $1,450,000. Pursuant to the closing of the 2024 Brokered Private Placement, the Company was obligated to pay agents' commissions of $87,000, of which $49,750 was paid in cash and $37,250 was settled through the issuance of 93,127 common shares, both of which have been recorded as share issue costs. In addition to the agents' commissions, the Company incurred professional fees and other share issue costs of $46,218 in connection with the 2024 Brokered Private Placement. Additionally and pursuant to the 2024 Brokered Private Placement, the Company issued 108,751 compensation warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder to purchase one common share at a price of $0.40 per share for a period of 2 years following a public listing of the Company's common shares. The issue date fair value of the Compensation Warrants was estimated to be $31,000 using the Black-Scholes option pricing model and was recorded as a share issue cost.

During the year ended June 30, 2025, 1,000,000 common shares (2024 – 1,000,000 common shares) were issued pursuant to the Rights Option Agreement and recorded as a resource property cost at a value of $0.40 per common share (2024 - $040 per common share).

(expressed in Canadian dollars)

9 Shareholders' equity (continued)

As at June 30, 2025, pursuant to the La Gallina Rights Option Agreement, 3,000,000 common shares are held in trust for the benefit of the La Gallina concession titleholders and will be released to the La Gallina concession titleholders in accordance with the installment schedule disclosed in note 6. These common shares have been treated as treasury shares and deducted from common shares outstanding as at June 30, 2025.

Stock options

The Company has a common share purchase option plan (the Plan) for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model:

	2025	2024
Risk-free interest rate	3.39%	3.74%
Expected volatility	112%	112%
Expected dividend yield	-	-
Expected life	10 years	10 years

The following table summarizes the changes in the Company's stock options during the years ended June 30, 2025 and 2024:

	Weighted average exercise price $	Number of options #	Weighted average remaining life (years)
Balance – June 30, 2023	0.15	350,000	9.8
Granted during the year	0.40	2,850,000	9.7
Balance – June 30, 2024	0.37	3,200,000	9.6
Granted during the year	0.40	300,000	9.1
Balance – June 30, 2025	0.38	3,500,000	8.7

(expressed in Canadian dollars)

9 Shareholders' equity (continued)

As at June 30, 2025, 9,529,523 options remained available for future grants under the Plan. Options vested and exercisable as at June 30, 2025, totaled 2,683,333 with an average exercise price of $0.37 per share. The weighted average grant date estimated fair value per option was $0.37 for the stock options granted during the year ended June 30, 2025 (June 30, 2024 – $0.37). The Company charged $652,000 in stock-based compensation related to stock options to the consolidated statements of net loss and comprehensive loss for the year ended June 30, 2025 (June 30, 2024 – $448,000).

Immediately following the completion of the IPO Offering, 2,400,000 stock options were held in escrow pursuant to securities and listing regulations and are scheduled for release over a 36-month period following the Company's TSX-V listing on June 4, 2025. At June 30, 2025, 2,280,000 stock options remain in escrow.

Contributed surplus	**$**
Balance – June 30, 2023	49,000
Stock-based compensation related to stock options	448,000
Balance – June 30, 2024	497,000
Stock-based compensation related to stock options	652,000
Balance – June 30, 2025	1,149,000

Warrants

The following table summarizes the changes in the Company's warrants during the years ended June 30, 2025 and 2024:

	Weighted average exercise price $	**Number of warrants #**	**Ascribed Value $**
Balance – June 30, 2023	0.40	461,175	134,000
Compensation Warrants issued pursuant to the 2024 Brokered Private Placement	0.40	108,751	31,000
Balance – June 30, 2024	0.40	569,926	165,000
IPO Warrants issued pursuant to the IPO	0.70	10,454,650	891,000
Balance – June 30, 2025	0.68	11,024,576	1,056,000

(expressed in Canadian dollars)

9 Shareholders' equity (continued)

The estimated fair value of the IPO Warrants issued during the year ended June 31, 2025 was $0.085 per IPO Warrant, estimated using the residual value. The estimated fair value of the Compensation Warrants issued during the year ended June 30, 2024 was $0.29 per Compensation Warrant, estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model:

	2024
Risk-free interest rate	3.95%
Expected volatility	112%
Expected dividend yield	-
Expected life	3.5 years

The IPO Warrants expire on June 4, 2027.

The Compensation Warrants expire 2 years following a public listing of the Company's common shares, which has now been determined to be June 4, 2027

10 Income taxes

For the year ended June 30, 2025, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 29% (2024 – 29%) to the pre-tax net loss as follows:

	2025 $	**2024 $**
Loss before income taxes	1,423,776	360,602
Income tax recovery based on statutory rates	413,000	105,000
Non-deductible stock option expense and other items	516,000	(9,000)
Unrecognized losses	(929,000)	(96,000)
	-	-

(expressed in Canadian dollars)

10 Income taxes (continued)

The following reflects deferred tax assets at June 30, 2025 and 2024:

	2025 $	2024 $
Non-capital losses	1,065,000	136,000
Deductible share issuance costs	408,000	143,000
Temporary difference relating to resource properties	(675,000)	(70,000)
	798,000	209,000
Portion of deferred tax assets unrecognized	(798,000)	(209,000)
	-	-

Losses

The Company has non-capital tax losses of approximately $1,297,000 available for carry-forward to reduce future years' taxable income in its Canadian entities. These non-capital losses begin to expire in 2043.

The Company also has Mexican non-capital tax losses of approximately $2,376,000, which expire after ten years, available to carry-forward to reduce future years' taxable income in its Mexican subsidiary. These non-capital losses begin to expire in 2032.

11 Compensation of key management

Key management includes the Company's Directors, President and Chief Executive Officer and Chief Financial Officer awarded to key management is summarized as follows:

	2025 $	2024 $
Cash and accrued compensation and other benefits	370,237	14,042
Stock-based compensation	620,000	73,000
	990,237	87,042

12 Supplemental cash flow information

As at June 30, 2025, the Company's accounts payable included expenditures on resource properties of $469,000 (2024 – $173,286) and share issue costs of $680,460 (2024 – $180,666).

(expressed in Canadian dollars)

13 Financial instruments and other

Credit risk

The Company manages credit risk by holding its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Management concluded that the Company has sufficient cash on hand to meet its obligations as they become due for the next 12 months, considering the Company's planned exploration activities on its resource properties. The Company has the ability to scale its exploration activities, and will do so as necessary, based on cash availability. The Company will need to raise further financing to fund future additional exploration and mine development activities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

- Interest rate risk

  The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

(expressed in Canadian dollars)

13 Financial instruments and other (continued)

- Foreign currency risk

  The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada.

  As at June 30, 2025, the Company held the following financial instruments in foreign currencies:

	US$ (in US$)	Pesos (in MxP)
Cash	568	-
Accounts payable and accrued liabilities	277,023	1,898,294

  As at June 30, 2024, the Company held the following financial instruments in foreign currencies:

	US$ (in US$)	Pesos (in MxP)
Cash	3,506	28,025
Accounts payable and accrued liabilities	97,732	528,055

- Price risk

  The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

14 Subsequent event

- On August 18, 2025, 1,500,000 deferred share units (DSUs) were granted to an officer of Company.