



(formerly Deep-South Resources Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)



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Independent Auditor's Report

To the Shareholders of Koryx Copper Inc. (formerly Deep-South Resources Inc.)

Opinion

We have audited the consolidated financial statements of Koryx Copper Inc. (formerly Deep-South Resources Inc.) (the "Group"), which comprise the consolidated statement of financial position as at August 31, 2023 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at August 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 to the consolidated financial statements which describes the material uncertainty 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 year ended August 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. 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.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 3 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining licenses and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have 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; and (iv) sufficient data exists to indicate that the carrying amount of the mining licenses and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the mining licenses and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining licenses and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) license expiration dates;
- Assessing compliance with the earn-in agreement by reviewing agreements and underlying payment commitments;
- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and
- Assessing the adequacy of the related disclosures in Notes 2 and 3 to the consolidated financial statements.

Indicators of reversal of impairment of Exploration and Evaluation Assets in Namibia

As disclosed in Note 3 to the consolidated financial statements, the exploration license for the Haib Property in Namibia was reinstated during the year ended August 31, 2023, resulting in an indicator of reversal of impairment. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

Exploration and Evaluation Assets are assessed for reversal of impairment whenever there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. Significant judgement is required in determining whether the indicators of reversal of impairment exist, including assessing whether the conditions that originally lead to the impairment have been reversed and if there is basis to determine a recoverable value. Although an indicator or reversal of impairment was identified, there were no observable inputs or outputs to form the basis for a recoverable value, and no reversal of impairment was recorded.

Why the Matter is a Key Audit Matter

We considered this a key audit matter due to (i) the significant of the mining license and historical impairment recorded for the Haib Property and (ii) the judgements made by management in its assessment of indicators of reversal of impairment and recoverable value.

How the Key Audit Matter was Addressed in the Audit

We have evaluated the Group's assessment of reversal of impairment indicators per IAS 36, and basis for not recording a reversal of impairment for the Haib Property, including but not limited to:

- Obtaining an understanding of the original conditions that lead to the impairment of the Haib Property, in order to assess whether a reversal of impairment could be considered;
- Evaluating the Group's assessment of internal and external indicators of reversal of impairment by considering whether quantitative and qualitative information was available to establish a recoverable value;
- Reviewing the relevant guidance per IFRS 6 and IAS 36 to determine if conditions existed to support a reversal of impairment, and whether there is basis for determining a recoverable value; and
- Assessing the adequacy of the related disclosures in Notes 2 and 3 to the consolidated financial statements.

Other matter

The consolidated financial statements of Koryx Copper Inc. (formerly Deep-South Resources Inc.) for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on December 19, 2022.

Other Information

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

- 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.

We obtained the other information 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 International Financial Reporting 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 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 Pejman Mahlooji.

Crowe Mackay LLP

**Chartered Professional Accountants
Vancouver, Canada
December 22, 2023**

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	August 31, 2023	As at August 31, 2022
		\$	\$
ASSETS			
Current			
Cash		71,632	796,760
GST receivable and other	4, 8	79,081	39,538
Prepaid expenses		78,862	30,365
Total Current Assets		229,575	866,663
Exploration and evaluation assets	3	703,763	305,503
Property and equipment	4	12,258	78,312
Total Assets		945,596	1,250,478
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	8	107,833	110,593
Total Liabilities		107,833	110,593
Equity			
Share capital	5	15,964,196	15,010,918
Reserves	5	1,908,081	1,752,957
Deficit		(17,034,514)	(15,623,990)
Total Equity		837,763	1,139,885
Total Liabilities and Equity		945,596	1,250,478

Going Concern (Note 1)
Commitments (Notes 3, 11)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

/s/ Pierre Leveille
Director

/s/ Jean Luc Roy
Director

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

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the years ended	
	August 31	
	2023	2022
	\$	\$
EXPENSES		
Advertising and marketing	158,231	151,175
Amortization (Note 4)	226	26,955
Consulting fees	449,486	199,607
Investor relations	7,340	55,243
Management fees (Note 8)	358,468	379,450
Legal, audit and accounting (Note 8)	167,886	195,562
Office and miscellaneous	93,587	161,640
Regulatory and transfer agent fees	40,664	48,256
Shareholder information	25,942	21,032
Share-based compensation (Notes 5 & 8)	55,897	342,634
Travel	80,366	17,557
Loss before other expenses	(1,438,093)	(1,599,111)
Other expenses		
Write-off of exploration and evaluation assets (Note 3)	-	(7,252,241)
Write-off of property and equipment (Note 4)	-	(69,001)
Gain on sale of equipment (Note 4)	24,588	-
Foreign exchange gain	2,981	-
Net loss and comprehensive loss for the year	(1,410,524)	(8,920,353)
Loss per common share		
Basic and diluted	(0.01)	(0.06)
Weighted average number of common shares outstanding		
Basic and diluted	162,747,905	146,562,645

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

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)

Share Capital					
	Number of shares	Amount (\$)	Reserves (\$)	Deficit (\$)	Total Equity (\$)
Balance, August 31, 2021	146,334,700	14,945,918	1,374,654	(6,703,637)	9,616,935
Shares issuance – property acquisition	1,300,000	65,000	-	-	65,000
Share-based compensation	-	-	378,303	-	378,303
Net loss for the year	-	-	-	(8,920,353)	(8,920,353)
Balance, August 31, 2022	147,634,700	15,010,918	1,752,957	(15,623,990)	1,139,885
Shares issuance – private placements	21,740,000	1,008,600	78,400	-	1,087,000
Share issue costs	-	(34,495)	-	-	(34,495)
Finder warrants	-	(20,827)	20,827	-	-
Share-based compensation	-	-	55,897	-	55,897
Net loss for the year	-	-	-	(1,410,524)	(1,410,524)
Balance, August 31, 2023	169,374,700	15,964,196	1,908,081	(17,034,514)	837,763

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

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended	
	2023	August 31, 2022
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	(1,410,524)	(8,920,353)
Items not affecting cash:		
Amortization	226	26,955
Share-based compensation	55,897	342,634
Gain on sale of equipment	(24,588)	-
Write-off of property and equipment	-	69,001
Write-off of exploration and evaluation assets	-	7,252,241
Changes in non-cash working capital items:		
Prepaid expenses	(48,497)	80,014
GST receivable and other	(21,251)	(13,894)
Accounts payable and accrued liabilities	13,276	(70,295)
Net cash used in operating activities	(1,435,461)	(1,233,697)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale of (Acquisition of) property and equipment	69,060	(1,053)
Exploration and evaluation assets	(411,232)	(275,628)
Net cash used in investing activities	(342,172)	(276,681)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from private placement, net of issuance costs	1,052,505	-
Net cash provided by financing activity	1,052,505	-
Change in cash during the year	(725,128)	(1,510,378)
Cash, beginning of year	796,760	2,307,138
Cash, end of year	71,632	796,760
Supplemental Cash Flow and Non-Cash Investing and Financing Activities Disclosure		
	\$	\$
Shares issued for mineral property acquisition	-	65,000
Warrants issued for share issuance costs	20,827	-
Exploration and evaluation assets in accounts payable and accrued liabilities	4,311	20,347
Share-based compensation capitalized to exploration and evaluation assets	-	35,669
Amortization capitalized to exploration and evaluation assets	3,064	6,611
Sale of Motor vehicle included within GST and other receivables	18,292	-

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

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Koryx Copper Inc (formerly Deep-South Resources Inc). (the “Company” or “Koryx”) is a development stage company incorporated on April 24, 1987 under the laws of British Columbia. The Company’s head office is located at #888-700 West Georgia Street, Vancouver, BC, V7Y 1G5 and is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “KRY”. The Company is in the business of exploring and evaluating mineral properties located in Africa.

The Company’s consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events may cast significant doubt on the validity of this assumption. The Company incurred net loss of \$1,410,524 for the year ended August 31, 2023 (2022 - \$8,920,353) and as of that date, had an accumulated deficit \$17,034,514 (2022 - \$15,623,990). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared and presented in Canadian dollars in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on December 21, 2023.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following entities:

Name	Jurisdiction	
Koryx Copper B.V.	Netherlands	wholly owned subsidiary of Koryx Copper Inc.
1054137 BC Ltd	Canada	wholly owned subsidiary of Koryx Copper B.V.
Deep South Mining (Pty) Ltd.	Namibia	wholly owned subsidiary of 1054137 BC Ltd.
Haib Minerals (Pty) Ltd.	Namibia	wholly owned subsidiary of Deep-South Mining (Pty) Ltd.
Kasanka Copper Limited	Zambia	wholly owned subsidiary of Koryx Copper Inc.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

(d) Foreign currency transactions

The Company's reporting currency and the functional currency of the Company and its subsidiaries is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalent using foreign exchange rates prevailing at the statement of financial position date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

(e) Financial Instruments

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company's financial instruments are accounted for as follows.

Financial Instrument	IFRS 9 Classification
Cash	FVTPL
Other accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Financial assets

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Financial assets (continued)

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL.

Fair value through other comprehensive income ("FVOCI") - FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of operations for the year.

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition.

Amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. 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 statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

Derecognition of financial liabilities

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance if the fair value of the goods and services cannot be determined. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(g) Impairment of Long-Lived Assets

Management is required to assess impairment in respect of capitalized exploration and evaluation assets. Note 3 discloses the carrying value of these assets at each reporting period. The triggering events for the impairment of exploration and evaluation assets are defined in IFRS 6 Exploration for and Evaluation of Mineral Resources and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the 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 have 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; and
- sufficient data exist 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 by sale.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of Long-Lived Assets (continued)

Impairment of exploration and evaluation assets is assessed at the cash generating unit (“CGU”) level.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used each of its mineral properties to establish its CGUs.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. All impairment losses are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment reversals at each reporting date. Where conditions for an impairment reversal are present, the Company will estimate the recoverable value of a particular CGU and if the recoverable amount is in excess of the book value will record an impairment reversal in the statement of operations, but only to the extent that the increased carrying amount does not exceed the original carrying amount had impairment not been recognized in the previous year.

(h) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 20% for mining equipment, 20% for office furniture and equipment, 30% for motor vehicles and 4% for site buildings. An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of operations. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

(i) Share capital

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are issued, with any excess value allocated to the warrants. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(j) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercises would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

The Company had no rehabilitation obligations as at August 31, 2023 and 2022.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(l) Income taxes

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

Deferred taxes are recorded using the statement of financial position liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position reporting date. Deferred tax is not recognized for temporary differences, which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in the reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of operations or to exploration and evaluation assets over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

Each tranche is recognized over the period during which the options vest. 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. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. On expiration of options, the previously recognized amount is left in the reserves.

(n) Significant accounting judgments and estimates

The preparation of these consolidated financial statements require management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated financial statements are discussed below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Significant accounting judgments and estimates (continued)

Significant estimates

There are no significant areas requiring the use of estimates.

Significant judgements

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Impairment and reversal of impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount or if information becomes available suggesting a previously recognized impairment can be reversed, the Company carries out an impairment test or impairment reversal test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Impairment reversals are recognized up to the extent of the original carrying value should a reversal be recorded. Such impairment and impairment reversal tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

The determination of the Company and its subsidiaries' functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

(o) Adoption of new accounting standards

The Company has not adopted any new standards during the year ended August 31, 2023 that would have a material impact on the consolidated financial statements of the Company.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Accounting standards issued but not yet effective

Disclosure of accounting policies (Amendments to International Accounting Standard (“IAS”) 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments)

These amendments continue the IASB’s clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023. These amendments are expected to reduce the disclosure of accounting policies for the Company.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

These amendments clarify how companies account for deferred taxes on transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. They narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

These amendments to IAS 12 are effective for years beginning on or after January 1, 2023. These amendments are expected to have no impact for the Company.

Classification of liabilities as current or non-current (Amendments to IAS 1 Presentation of Financial Statements)

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments to IAS 1 are effective for years beginning on or after January 1, 2024. These amendments are expected to have no impact for the Company.

Amendments to IAS 8 – Definition of accounting estimates

IAS 8 – Accounting policies, changes in accounting estimates and errors (“IAS 8”) was amended in February 2021. The IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates.

These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to a material impact on the Company.

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. EXPLORATION AND EVALUATION ASSETS

	Haib Property, Namibia	Zambia Copper Property, Zambia	Total
	\$	\$	\$
Balance, August 31, 2021	7,188,254	-	7,188,254
Acquisition costs	-	103,844	103,844
Amortization	6,611	-	6,611
Geological	21,707	120,295	142,002
Other costs	-	81,364	81,364
Share-based compensation	35,669	-	35,669
Write-off of exploration and evaluation assets	(7,252,241)	-	(7,252,241)
Balance, August 31, 2022	-	305,503	305,503
Amortization	3,064	-	3,064
Geological	33,377	359,683	393,060
Other costs	-	2,136	2,136
Balance, August 31, 2023	36,441	667,322	703,763

Haib Property, Namibia

The Company, through its wholly owned subsidiary, Haib Minerals (Pty) Ltd. (“Haib”), acquired an exclusive prospecting license for the Company’s Haib copper project in the south of Namibia. On May 5, 2017, the Company entered into a Share Purchase Agreement with Teck Namibia (Pty) Ltd. (“Teck”) to acquire the remaining 70% interest in Haib (the Company previously owned 30% of the interest) for a total consideration of \$3.212 million. Teck retains a 1.5% Net Smelter on the property, one-third of which can be purchased by the Company for a cash payment of \$2 million. Teck shall hold a pre-emptive right to participate in any financing of the Company as long as Teck holds over 5% of Koryx Copper’s outstanding common shares.

Teck shall be entitled to a production bonus payment that will be declared at the time the company takes the decision to start mine development. Half of the bonus shall be paid upon the decision to start mine development and the second half shall be paid upon commencement of commercial production. The bonus value is scaled with the value of the capital expenditures as follows:

(All amounts C\$ millions)

Development Expenditures	Cash Payment
\$0 - \$500	\$5.0
\$501 - \$600	\$6.7
\$601 - \$700	\$8.3
\$701 - \$800	\$10.0
\$801 - \$900	\$11.7
\$901 - \$1,000	\$13.3
\$1,001 and over	\$15.0

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Haib Property, Namibia (continued)

The renewal of the Exclusive Prospecting License 3140 (the “License”) covering the Haib Copper project had been refused by the Minister of Mines and Energy of Namibia (the “Ministry”) in 2021. The Company vigorously contested this decision by all means necessary and available, including under the Minerals (Prospecting and Mining) Act and other applicable laws of Namibia and other international laws.

During the year ended August 31, 2022, the Company had concluded until the final verdict is received the refusal of the license renewal was an indication of impairment which led to a test of the recoverable amount of the project resulting in an impairment loss of \$7,252,241. A value in use calculation was not applicable as the Company did not have any expected cash flows from using the exploration and evaluation asset at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than \$nil. As this valuation technique requires management’s judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

On March 10, 2023, the High Court of Namibia rendered its judgment and reviewed and set aside the decision of the Minister not to renew the Haib Copper licence EPL 3140. As per the court verdict, the Ministry has re-opened the application renewal procedure for the Haib Copper licence.

On July 7, 2023, the Ministry officially approved the renewal of the licence EPL 3140. The Licence is valid for a period two years from the date of renewal.

The renewal of the license in the year ended August 31, 2023 was an impairment reversal indicator to the Company as the previous impairment was recognized due to the denial of the license renewal in a previous period. A value in use calculation was not applicable as the Company did not have any expected cash flows from using the exploration and evaluation asset at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than \$nil. As a result, no impairment reversal was recognized during the year ended August 31, 2023.

Zambian Copper Belt, Zambia

On March 28, 2022, the Company entered a definitive earn-in agreement with Word Class Minerals Venture Ltd (“WCMV”) of Zambia to acquire up to 80% of the Large Scale Exploration Licences LEL 23246, LEL 23247 and LEL 23248 held by WCMV, located in the centre of the Zambian Copper belt.

Under the terms of the earn-in agreement the Company will earn a 51% interest in the licenses by completing the following over a two-year period from the execution date:

Date for Completion	Cash	Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
Upon signing the Exclusivity agreement	\$15,000 USD (paid)	Nil	\$Nil
Upon TSX-V approval	\$15,000 USD (paid)	500,000 (issued – fair valued at \$25,000)	\$Nil
On or before the second anniversary of the Execution Date (1)	\$30,000 USD	250,000 (issued see note 12– fair valued at \$12,500)	\$Nil
Total	\$60,000 USD	750,000	\$Nil

(1) “Execution Date” means the date of the agreement, March 28, 2022.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

The Company can earn an additional 29% interest in the licenses by completing the following over a three-year period following the second anniversary of the execution date:

Date for Completion	Cash	Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
On or before the third anniversary of the Execution Date ⁽¹⁾	\$30,000 USD	Nil	Not less than \$1,000,000
On or before the fourth anniversary of the Execution Date ⁽¹⁾	\$30,000 USD	1,000,000	Not less than \$1,000,000
On or before the fifth anniversary of the Execution Date ⁽¹⁾	\$30,000 USD	Nil	Not less than \$1,000,000
Total	\$90,000 USD	1,000,000	\$3,000,000

(1) "Execution Date" means the date of the agreement, March 28, 2022.

The Company will pay finder's fees for the transaction of 350,000 common shares in two stages: 300,000 upon approval by the TSX-V (300,000 issued - fair valued at \$15,000) and 50,000 to be issued on the third anniversary of approval).

In connection with the earn-in agreement, on March 28, 2022 the Company also entered a Mining Exploration Data Agreement whereby the Company will acquire all of the exploration data for the licences LEL 23246, LEL 23247 and LEL 23248 held by Mr. Nathan Sabao ("the geological consultant") for consideration as follows:

- the issuance of 500,000 common shares (issued – fair valued at \$25,000) to the geological consultant upon approval by the TSX-V (granted July 7, 2022);
- Furthermore, on the first anniversary of the transaction, the geological consultant will transfer to the Company all of the exploration data for projects in the Luapula region in consideration for the issuance of a further 500,000 common shares of the Company. The common shares were issued subsequent to the year end, see note 12 (Fair valued at \$25,000).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. PROPERTY AND EQUIPMENT

	Office				
	Mining	Furniture and	Motor	Site	Total
	Equipment	Equipment	Vehicles	Buildings	
	\$	\$	\$	\$	\$
Balance at August 31, 2021	23,501	342	128,066	73,322	225,231
Additions	-	-	-	1,053	1,053
Dispositions	-	-	-	(74,375)	(74,375)
Balance at August 31, 2022	23,501	342	128,066	-	151,909
Additions	-	-	-	-	-
Dispositions	-	-	(128,066)	-	(128,066)
Balance at August 31, 2023	23,501	342	-	-	23,843
Amortization					
Balance at August 31, 2021	4,349	60	38,403	2,593	45,405
Additions*	3,830	56	26,899	2,781	33,566
Dispositions	-	-	-	(5,374)	(5,374)
Balance at August 31, 2022	8,179	116	65,302	-	73,597
Additions*	3,064	226	-	-	3,290
Dispositions	-	-	(65,302)	-	(65,302)
Balance at August 31, 2023	11,243	342	-	-	11,585
Carrying amounts – Net Book Value					
At August 31, 2023	12,258	-	-	-	12,258
At August 31, 2022	15,322	226	62,764	-	78,312

*The Company capitalized its mining equipment and site buildings amortization to exploration and evaluation assets (Note 3).

During the year ended August 31, 2022, the Company concluded the site buildings associated with the Haib Property (note 3) were impaired leading to a test of recoverable amount of the assets, which resulted in an impairment loss of \$69,001. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the assets at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than \$nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

During the year ended August 31, 2023 the Company sold four vehicles with a net book value of \$62,764 for cash proceeds of \$69,060 and a loan receivable of \$18,292 and the Company recognized a gain on sale of \$24,588. One of the vehicles was sold to a director of the Company in exchange for the loan receivable of \$18,292 (see Note 8).

KORYX COPPER INC. (Formerly Deep-South Resources Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

For the year ended August 31, 2023

On September 28, 2022, the Company closed the final tranche of a non-brokered private placement comprising of 7,840,000 units at a price of \$0.05 per unit for total gross proceeds of \$392,000. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at \$0.10 per share expiring 36 months from the date of closing. The Company recognized a residual amount of \$78,400 relating to the warrant issued in connection with the financing.

On February 14, 2023, the Company closed the final tranche of a non-brokered private placement comprising of 13,900,000 units at a price of \$0.05 per unit for total gross proceeds of \$695,000. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at \$0.10 per share expiring 36 months from the date of closing.

For the non-brokered private placements, the Company paid a total of \$20,220 in aggregate cash finder's fees and issued 404,400 finder warrants. These warrants entitle the holder to purchase one share for \$0.10 for a period of three years from the date of closing. Each security has a four-month hold period from the date of closing the placements. These warrants issued had a fair value of \$20,827 using the Black Scholes model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.05; iii) term: 3 years; iv) volatility: 181%; v) discount rate: 3.89%. Expected volatility was based on the Company's historical prices. The value of these compensation warrants is included in reserves and share capital. The Company also incurred other share issuance cost for \$14,175.

For the year ended August 31, 2022

During the year ended August 31, 2022, the Company issued 1,300,000 common shares with a fair value of \$65,000 for exploration and evaluation acquisition costs (Note 3).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. SHARE CAPITAL (continued)

(c) Stock options

Omnibus Equity Incentive Plan

The Company's Omnibus Equity Incentive Plan ("Plan") includes stock options ("Options"), restricted share units ("RSUs"), deferred share units ("DSUs") and other share-based awards. The Plan received shareholder approval at the Company's AGM held on February 28, 2023. The maximum number of Common Shares reserved for issuance under the Share Compensation Plan shall be no more than 10% of the Company's issued and outstanding share capital at the time of any RSU, Option, or DSU award or grant.

The maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan to any one Participant (as such term is defined in the Plan) in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares, calculated as at the date that such Security Based Compensation is granted or issued to the Participant. The exercise price of each Option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, Options vest when granted.

Stock Options:

The following table summarizes the Company's stock option activities for the following periods:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Options outstanding, August 31, 2021	11,615,000	\$0.14	3.14
Granted	1,350,000	\$0.08	
Cancelled	(350,000)	\$0.11	
Options outstanding, August 31, 2022	12,615,000	\$0.13	1.30
Granted	600,000	\$0.08	
Forfeited	(2,015,000)	\$0.13	
Options outstanding, August 31, 2023	11,200,000	\$0.13	1.09
Options exercisable, August 31, 2023	10,400,000	\$0.13	1.03

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5. SHARE CAPITAL (continued)**(c) Stock options (continued)**

As at August 31, 2023, the Company had options outstanding as follows:

Number of Options	Exercise Price	Expiry Date	Vesting Term
1,950,000	\$0.09	February 24, 2025	1/4 th every 6 months
1,450,000	\$0.08	June 10, 2025	1/4 th every 6 months
500,000	\$0.08	June 10, 2025	Fully vested on grant
1,000,000	\$0.15	December 31, 2023	Fully vested on grant
250,000	\$0.10	September 11, 2025	1/4 th every 6 months
200,000	\$0.10	October 20, 2023	1/4 th every 6 months
1,550,000	\$0.17	December 14, 2023	1/4 th every 6 months
350,000	\$0.17	January 20, 2024	1/4 th every 6 months
150,000	\$0.17	February 1, 2024	1/4 th every 6 months
450,000	\$0.22	April 9, 2024	1/4 th every 6 months
400,000	\$0.25	May 10, 2024	1/4 th every 6 months
500,000	\$0.20	June 2, 2024	1/3 rd every 6 months
500,000	\$0.22	June 3, 2024	1/3 rd every 6 months
300,000	\$0.07	October 14, 2024	1/3 rd every 6 months
300,000	\$0.07	October 14, 2024	1/3 rd every 6 months
300,000	\$0.08	November 3, 2024	Fully vested on grant
450,000	\$0.08	June 29, 2025	1/4 th every 6 months
600,000	\$0.08	September 1, 2025	1/6 th every 6 months
11,200,000			

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The stock price volatility is based on the Company's historical prices.
- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying consolidated statements of operations.

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5. SHARE CAPITAL (continued)**(c) Stock options (continued)**

During fiscal year end 2023, the Company granted 600,000 options with a fair value of \$19,855. The options vest 1/6 every 6 months from the date of issuance. The fair value of the options was determined utilizing Black Scholes Option Pricing Model with the following weighted average inputs. Risk-free rate: 3.61%, Expected Life: 3 years, Volatility: 174%, and Fair Value \$0.08. During the year ended August 31, 2023, the Company recognized \$55,897 relating to current year grants and vesting of grants from prior periods of which \$Nil has been capitalized to exploration and evaluation assets.

During fiscal year end 2022, the Company granted 1,350,000 options with a fair value of \$49,230. 300,000 vested immediately on grant with the remainder vesting 1/3 every 6 months from the date of grant. The fair value of the options was determined utilizing Black Scholes Option Pricing Model with the following weighted average inputs. Risk-free rate: 0.77-3.12%, Expected Life: 3 years, Volatility: 167-172%, and Fair Value \$0.08. During the year ended August 31, 2022 the Company recognized \$342,634 relating to current year grants and vesting of grants from prior periods and \$35,669 has been capitalized to exploration and evaluation assets relating to current year grants and vesting of grants from prior periods.

(d) Warrants

The following table summarizes the Company's warrant activities:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Warrants outstanding and exercisable, August 31, 2021	41,481,236	\$0.16	2.04
Expired	(12,800)	\$0.20	
Warrants outstanding and exercisable, August 31, 2022	41,468,436	\$0.16	1.21
Issued	10,870,000	\$0.10	
Warrants outstanding and exercisable, August 31, 2023	52,338,436	\$0.15	0.94

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5. SHARE CAPITAL (continued)**(d) Warrants (continued)**

As at August 31, 2023, the Company has warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
800,000	\$0.20	**November 22, 2023
2,732,500	\$0.20	***March 5, 2024
4,126,000	\$0.09	December 23, 2024
5,780,000	\$0.09	January 22, 2025
100,000	\$0.09	January 29, 2025
1,348,000	\$0.09	April 2, 2025
6,240,000	\$0.15	September 16, 2023
5,000,000	\$0.15	October 14, 2023
15,341,936	\$0.22	*January 20, 2024
3,920,000	\$0.10	September 21, 2025
2,100,000	\$0.10	January 26, 2026
4,850,000	\$0.10	February 14, 2026
52,338,436		

* During the year ended August 31, 2023, expiry date was extended from January 20, 2023 to January 20, 2024

** During the year ended August 31, 2022, expiry date was extended from November 22, 2021 to November 22, 2023

*** During the year ended August 31, 2022, expiry date was extended from March 5, 2022 to March 5, 2024

(e) Compensation Warrants

The following table summarizes the Company's finder warrant activities:

	Number of Finder Warrants	Weighted Average Exercise Price
Warrants outstanding and exercisable, August 31, 2021	3,232,901	\$0.13
No transactions	-	-
Warrants outstanding and exercisable, August 31, 2022	3,232,901	\$0.13
Issued	404,400	\$0.10
Expired	(1,923,301)	\$0.21
Warrants outstanding and exercisable, August 31, 2023	1,714,000	\$0.14

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5. SHARE CAPITAL (continued)

(e) Compensation Warrants (continued)

As at August 31, 2023, the Company has finder warrants outstanding as follows:

Number of Finder Warrants	Exercise Price	Expiry Date
362,800	\$0.15	September 16, 2023
946,800	\$0.15	October 14, 2023
404,400	\$0.10	February 14, 2026
1,714,000		

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Level	August 31, 2023	August 31, 2022
		\$	\$
Cash	1	71,632	796,760

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. As at August 31, 2023, the fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term nature of these instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At August 31, 2023, the Company had a working capital of \$121,741 (2022 - \$756,070). This included cash of \$71,632 (2022 - \$796,760) available to meet short-term business requirements and current liabilities of \$107,833 (2022 - \$110,593). The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Management of Industry and Financial Risk (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Interest Rate Risk

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

Price Risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

The Company defines capital that it manages as cash and equity, comprising issued common shares and reserves.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. 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 properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There was no change to the Company's capital management approach during the year.

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8. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the directors and officers of the Company. Compensation and expenses paid to key management for the following periods were as follows:

	August 31, 2023	August 31, 2023
	\$	\$
Management fees	348,000	379,450
Professional fees (included within Legal, audit and accounting)	20,479	-
Share-based compensation	13,292	131,905
	381,771	511,355

Included in accounts payable and accrued liabilities is \$26,436 (2022 - \$33,191) owed to companies controlled by directors or officers as at August 31, 2023. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand.

During the year ended August 31, 2023, the Company sold a vehicle to a related party with a net-book value of \$14,511 in exchange for a loan of \$18,292 (R243,013 ZAR) with a term of 3 years and interest to be calculated at 8.5%. The loan is to be paid in equal instalments over the course of the 3 year term with annual balloon payments of R50,000 each year.

9. SEGMENTED INFORMATION

a) Operating Segments

The Company's operations are primarily dedicated towards the acquisition, exploration, and development of its properties in British Columbia and Namibia.

b) Geographic Segments

The Company's geographic information:

	Year ended August 31, 2023	Year ended August 31, 2022
Net loss from operations:	\$	\$
Canada	1,341,432	7,364,794
Namibia	69,092	1,555,559
	1,410,524	8,920,353
	August 31, 2023	August 31, 2022
Non-current assets	\$	\$
Canada	-	-
Namibia	48,699	78,312
Zambia	667,322	305,503
	716,021	383,815
Liabilities		
Canada	95,240	87,099
Namibia	12,593	23,494
	107,833	110,593

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10. DEFERRED INCOME TAX

Income tax differs from the amount that would be computed by applying the Canadian statutory income tax rate to loss before income taxes. The reasons for the differences are as follows:

	2023	2022
Statutory tax rate	27%	27%
	\$	\$
Expected income tax recovery	(381,000)	(2,408,000)
Non-deductible items	15,000	93,000
Effect of rate change and other	173,000	(373,000)
Unused tax losses and tax offsets not recognized in tax assets	194,000	2,688,000
Deferred income tax recovery	-	-

The following are the deductible temporary differences for which no deferred tax assets are recognized in the financial statements:

	2023	2022
	\$	\$
Tax basis in excess of carrying value of property and equipment	154,000	87,000
Tax basis in excess of carrying value of exploration and evaluation assets	9,867,000	9,867,000
Share issuance costs	207,000	272,000
Non-capital loss carry-forwards	10,607,000	9,485,000
	\$ 20,834,000	\$ 19,711,000

The Company has non-capital losses of approximately \$10,607,000 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2043. Exploration and evaluation assets and property and equipment have no expiry date. Share issuance costs expire in 2024 through 2027.

11. COMMITMENTS

On February 25, 2019, the Company signed an off-take agreement with a third party (“the Buyer”). The buyer agreed to purchase 5,320,000 units in the Company’s March 5, 2019 private placement for gross proceeds of \$532,000. The buyer and the Company plan to construct and operate a copper mine and a solvent-extraction and electro winning plant (“the Plant”) on the Company’s Haib property. In consideration of the buyer making the investment, the Company has guaranteed to sell, or make available to the buyer, 20% of the output produced by the Company’s proposed plant, and in any event, a minimum of 20,000 metric tonnes from commencement of the plant and thereafter throughout the lifetime of the plant. During fiscal year end 2020, an additional off-take portion was granted whereby the Buyer will have the right to buy 2% (2,000 metric tonnes) more of the copper produce.

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12. SUBSEQUENT EVENTS

- On September 26, 2023, the Company closed the final tranche of a non-brokered private placement comprising of 31,826,596 units at a price of \$0.065 per unit for total gross proceeds of \$2,068,729. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at \$0.10 per share expiring 24 months from the date of closing.

For the non-brokered private placements, the Company paid a total of \$123,207 in aggregate cash finder's fees and issued 1,895,310 finder warrants. These warrants entitle the holder to purchase one share for \$0.065 for a period of 24 months from the date of closing. Each security has a four-month hold period from the date of closing the placements.

- On September 16, 2023 and October 14, 2023, 6,240,000 and 5,000,000 share purchase warrants with an exercise prices of \$0.15 expired unexercised.
- On October 6, 2023, the Company issued 500,000 common shares of the Company pursuant to the mining exploration data agreement with a fair value of \$25,000 (Note 3) and 250,000 common shares pursuant to the earn-in agreement (Note 3) with a fair value of \$12,500.
- On September 16, 2023 and October 14, 2023, 362,800 and 946,800 finder warrants with an exercise prices of \$0.15 expired unexercised.
- On October 20, 2023, 200,000 incentive stock options with an exercise price of \$0.10 expired unexercised.
- On November 22, 2023, 800,000 share purchase warrants with an exercise price of \$0.20 expired unexercised.
- On November 29, 2023, the Company granted 3,750,000 incentive stock options to directors, officers and consultants to the Company. The stock options have an exercise price of \$0.08 and expire three years from the date of grant.
- On December 14, 2023, 1,550,000 incentive stock options with an exercise price of \$0.17 expired unexercised.