**BESTCO LTD. (formerly GoodCo Ltd.)**

**Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

(Expressed in thousands of US dollars)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | **December 31,**  **2023** | December 31,  2022 |
|  |  | **$** | $ |
| **ASSETS** |  |  |  |
| **Current** |  |  |  |
| Cash and cash equivalents |  | **938** | 430 |
| Marketable securities | 7 | **4,102** | - |
| Trade and other receivables | 8 | **13,260** | 10,928 |
| Inventory | 9 | **1,271** | 1,425 |
| Prepaid expenses and deposits |  | **2,503** | 1,069 |
| Assets held for sale | 10 | **-** | 2,569 |
|  |  | **22,074** | 16,421 |
|  |  |  |  |
| Other assets |  | **53** | 506 |
| Deposit on Great Mine acquisition | 5 | **-** | 1,000 |
| Property, plant and equipment | 5,11 | **22,933** | 14,905 |
| Mineral property | 5,12 | **15,854** | - |
| **Total assets** |  | **60,914** | 32,832 |
|  |  |  |  |
| **LIABILITIES** |  |  |  |
| **Current** |  |  |  |
| Accounts payable and accrued liabilities | 13,19 | **36,888** | 32,483 |
| Loans payable - current portion | 14 | **4,832** | 6,287 |
| Lease liability - current portion | 15,19 | **175** | 165 |
|  |  | **41,895** | 38,935 |
|  |  |  |  |
| Loans payable | 14 | **7,166** | - |
| Lease liability | 15 | **167** | 304 |
| Decommissioning and restoration provision | 16 | **6,715** | 1,548 |
| Deferred income tax liability | 24(b) | **2,233** | 1,464 |
| **Total liabilities** |  | **58,176** | 42,251 |
|  |  |  |  |
| **SHAREHOLDERS’ EQUITY (DEFICIENCY)** |  |  |  |
| Share capital | 17(b) | **129,532** | 113,217 |
| Stock options and warrants reserve | 17(c) | **14,343** | 7,042 |
| Contributed surplus |  | **3,128** | 3,128 |
| Accumulated other comprehensive loss |  | **(1,323)** | (1,429) |
| Deficit |  | **(142,942)** | (131,377) |
| **Total shareholders’ equity (deficiency)** |  | **2,738** | (9,419) |
| **Total liabilities and shareholders’ equity (deficiency)** |  | **60,914** | 32,832 |

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 25)

Subsequent events (Note 26)

Approved and authorized for issue on behalf of the Board of Directors:

|  |  |  |  |
| --- | --- | --- | --- |
| */s/ “DirectorName”* |  | */s/ “DirectorName”* |  |
| Director |  | Director |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Years ended December 31, | |
|  | Note | **2023** | 2022 |
|  |  | **$** | $ |
|  |  |  |  |
| Revenues |  | **53,334** | 33,097 |
| Cost of sales | 18(a) | **43,036** | 32,109 |
| **Gross profit** |  | **10,298** | 988 |
|  |  |  |  |
| Operating expenses | 18(b) | **(17,067)** | (7,144) |
| Debt forgiveness | 19 | **-** | 412 |
| **Operating loss** |  | **(6,769)** | (5,744) |
|  |  |  |  |
| Finance income (expense), net | 18(c) | **(3,497)** | 4,226 |
| Gain on foreign exchange |  | **126** | 117 |
| Unrealized gain on marketable securities | 7 | **2,083** | - |
| Gain on sale of TestCo Properties | 10 | **911** | - |
| Loss on Rocket Project transactions | 6, 24 | **(1,095)** | - |
| **Loss before tax** |  | **(8,241)** | (1,401) |
|  |  |  |  |
| Income tax expense | 24(a) | **(3,324)** | (92) |
| **Net loss** |  | **(11,565)** | (1,493) |
|  |  |  |  |
| Currency translation differences |  | **106** | 377 |
| **Comprehensive loss** |  | **(11,459)** | (1,116) |
|  |  |  |  |
| **Net loss per share:** |  |  |  |
| Basic and diluted |  | **(0.04)** | (0.01) |
|  |  |  |  |
| **Weighted average number of common shares:** |  |  |  |
| Basic and diluted |  | **308,017,196** | 221,160,286 |

## 1. NATURE OF OPERATIONS AND GOING CONCERN

BestCo Ltd. (formerly GoodCo Ltd.) (the “Company”) was incorporated pursuant to the Business Corporations Act of British Columbia on January 24, 2011. The Company’s registered office is located at 13th Floor, 1313 Lucky Street, Vancouver, British Columbia, Canada, V1C 2D3. The Company is listed for trading on the TSX Venture Exchange under the symbol “BCL”.

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, including lead and copper. As at December 31, 2023, the Company had one producing project, the Great Mine. The Company has acquired, or has options to acquire, the mining concession rights to the following properties:

* The producing Great Mine located in Mexico
* Various other properties in San Luis Potosi, Mexico, noting that the Rocket Project had been placed on care and maintenance in August 2023 (Note 6).

These consolidated financial statements for the years ended December 31, 2023 and 2022 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at December 31, 2023, the Company has a working capital deficiency of $19,821 (December 31, 2022 - $22,514) and an accumulated deficit of $137,942 (December 31, 2022 - $126,377). Additionally, the Company has non-current loans payable (Note 14) of $7,166 (December 31, 2022 - $nil). For the year ended December 31, 2023, the Company incurred a loss of $11,459 (2022 - $1,116) and used cash in operating activities of $1,472 (2022 - $4,811). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to year end, BankingCo exercised all 7,280,000 warrants (Note 17) for proceeds of $2,298 (C$2,876) (Note 26(b)).

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 20, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

### Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards for each type of asset, liability, income, and expense as set out in the accounting policies below.

### Functional and presentation currency

These financial statements are presented in United States dollars (“US dollar” or “USD”). The functional currency is the currency of the primary economic environment in which an entity operates. References to “C$” or “CAD” are to Canadian dollars and references to “MXN” are to Mexican pesos.

2. BASIS OF PREPARATION (continued)

### Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company’s subsidiaries included in these financial statements as at December 31, 2023 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of subsidiary** | **Country of incorporation** | **Percentage ownership** | **Functional currency** | **Principal activity** |
| BestCo Ltd. | Canada | 100% | CAD | Holding company and head office function |
| BestCo Holdings Ltd. | Canada | 100% | CAD | Holding company |
| Great Mine Holdings Ltd. | Canada | 100% | CAD | Holding company |
| Impulse BestCo, S.A. de C.V. (“IMBC”) | Mexico | 100% | USD | Mine operations |
| Great Mine Mining, S.A. de C.V. (“Great Mining”) (1) | Mexico | 100% | USD | Mine operations |

1. On April 23, 2023, the Company acquired a 100% interest in Great Mining (Note 5).