



HELIOSTAR

HELIOSTAR METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2025 AND 2024

HELIOSTAR METALS LTD.

Contents

Page

Independent Auditors' Report	3
Consolidated Statements of Financial Position	7
Consolidated Statements of Loss and Comprehensive Loss	8
Consolidated Statements of Changes in Shareholders' Equity	9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-39

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Heliostar Metals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Heliostar Metals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025, March 31, 2024, and April 1, 2023 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, March 31, 2024, and April 1, 2023, and its financial performance and its cash flows for the years ended March 31, 2025 and 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Company 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Change in Presentation Currency

We draw attention to Note 4 of the consolidated financial statements, which explains that certain comparative information presented:

- For the year ended March 31, 2024 has been restated;
- As at April 1, 2023 has been derived from the consolidated financial statements for the year ended March 31, 2023 which has been restated (not presented herein).

Note 4 explains the change in presentation currency and related restatement and also explains the adjustments that were applied to restate comparative information. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. 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.

Acquisition of Florida Canyon Gold Inc. Mexican Subsidiaries (the “FCGI Transaction”)

As outlined in Note 5 to the Company’s consolidated financial statements, the Company completed the acquisition of the FCGI Transaction. The Company accounted for the business acquisition using the acquisition method under IFRS 3 Business Combinations in accordance with the accounting policy more fully described in Note 2 to the consolidated financial statements.

The principal considerations for our determination that the FCGI Transaction was a key audit matter are that there were significant estimates and judgements made by management when assessing the fair value of the assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. This required management to make significant estimates and assumptions to determine the fair value of assets and liabilities acquired. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of the fair value of the assets and liabilities acquired.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures include, among others

- Reviewing the share purchase agreement to understand key terms and conditions and assessing accounting treatment including the assessment of the basis for the determination that the acquisition was a business combination.
- Evaluating management’s assessment of the fair value of the net assets acquired as required under IFRS 3 business combinations.
- Utilizing valuation specialists to review and assess the reasonableness of the valuation methodology and certain key assumptions and estimates included in the valuation assessment provided by management’s expert.
- Evaluating the quantity and grade of resource and reserve estimates, including obtaining an understanding of the qualification of management’s specialist used in preparing the estimate.
- Utilizing independent qualified persons to review technical reports and data associated with mineral properties and mineral inventories acquired and reclamation and closure obligations assumed

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 Management’s Discussion and Analysis prior to the date of this auditor’s report. 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:

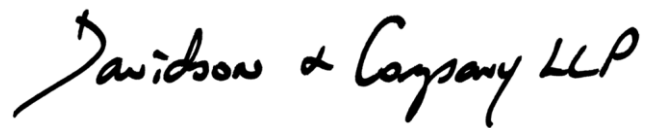
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 year ended 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 Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 29, 2025

HELIOSTAR METALS LTD.

Consolidated Statements of Financial Position

(Presented in thousands of US dollars, except share and per share amounts)

	Note	March 31, 2025	March 31, 2024	April 1, 2023
			Restated (Note 4)	Restated (Note 4)
Assets				
Current assets				
Cash		\$ 27,185	\$ 556	\$ 3,051
Trade and other receivables	17	5,608	65	33
Inventories	18	25,519	-	-
Prepaid amounts and advances	19	1,963	129	1,723
Other current assets		1,038	21	43
		61,313	771	4,850
Non-current				
Non-current prepaid amounts	19	14,238	38	53
Exploration and evaluation assets	6	19,678	19,226	19,009
Deferred income tax assets	23	830	-	-
Mineral properties	7	4,425	-	-
Plant and equipment	7	16,742	897	981
		55,913	20,161	20,043
Total assets		\$ 117,226	\$ 20,932	\$ 24,893
Liabilities				
Current				
Accounts payable and accrued liabilities	16	14,576	1,451	805
Income Taxes Payable		1,610	-	-
Current portion of lease liabilities		73	-	-
Current portion of reclamation and closure cost provisions	8	3,404	-	-
Due to related parties	14	217	36	145
Current portion of provisions		-	-	-
Consideration payable		-	1,811	-
		19,880	3,298	950
Non-current				
Provision		481	-	-
Lease liabilities		34	-	-
Tax liability	23	7,966	-	-
Reclamation and closure cost provisions	8	23,577	361	139
Deferred income tax liabilities	23	2,695	-	-
Consideration payable		-	-	1,706
Other non-current liabilities		1,051	135	125
		35,804	496	1,970
Total Liabilities		55,684	3,794	2,920
Shareholders' equity				
Share capital	13	92,752	69,459	61,231
Accumulated other comprehensive income		43	1,076	1,135
Reserves	13	10,188	9,079	7,302
Deficit		(41,441)	(62,476)	(47,695)
Total Equity		61,542	17,138	21,973
Total liabilities and shareholders' equity		\$ 117,226	\$ 20,932	\$ 24,893

Nature of operations and continuance of operations (Note 1)

Commitments and contingencies (Note 24)

Subsequent events (Note 25)

See notes to the consolidated financial statements

Approved on behalf of the board of directors on July 29, 2025:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Presented in thousands of US dollars, except share and per share amounts)

	Note	Year ended March 31,	
		2025	2024
			Restated (Note 4)
Revenues	9	\$ 36,574	\$ -
Cost of sales	10	17,995	-
Mine operating earnings		18,579	-
General and administrative expenses	20	8,991	2,784
Exploration expenses	21	8,029	10,282
Reclamation cost adjustment	8	(89)	-
Share-based compensation	13	1,601	1,413
Operating income (loss)		47	(14,479)
Net finance expenses	11	(2,033)	(193)
Foreign exchange loss		272	(199)
Gain on extinguishment of transaction	5	1,763	-
Other income (expense)		470	90
Gain on acquisition	5	26,964	-
Income (loss) before taxes		27,483	(14,781)
Income tax expense	23	(6,448)	-
Net income (loss) for the year		21,035	(14,781)
Other comprehensive income			
Foreign currency translation		(1,033)	(59)
Total comprehensive income (loss) for the year		20,002	(14,840)
Basic income (loss) per share		\$0.10	\$(0.09)
Diluted income (loss) per share	13	\$0.09	\$(0.09)
Weighted average number of common shares outstanding (basic)		207,587,076	166,901,946
Weighted average number of common shares outstanding (diluted)		225,679,749	166,901,946

See notes to the consolidated financial statements

HELIOSTAR METALS LTD.

Consolidated Statements of Changes in Shareholders' Equity

(Presented in thousands of US dollars, except share and per share amounts)

	Share Capital		Reserves	Accumulated Comprehensive Loss	Deficit	Total Shareholders' Equity
	Number of Shares	Amount				
Balance, March 31, 2023 <i>(Restated Note 4)</i>	147,773,612	\$ 61,231	\$ 7,302	\$ 1,135	\$ (47,695)	\$ 21,973
Private placement	18,919,024	5,000	283	-	-	5,283
Warrants exercised	17,599,544	3,886	-	-	-	3,886
Share issuance costs - cash	-	(577)	-	-	-	(577)
Share issuance costs - warrants	-	(13)	13	-	-	-
Share issuance costs - options	-	(68)	68	-	-	-
Share-based compensation	-	-	1,413	-	-	1,413
Loss for the year	-	-	-	(59)	(14,781)	(14,840)
Balance, March 31, 2024 <i>(Restated Note 4)</i>	184,292,180	69,459	9,079	1,076	(62,476)	17,138
Private placement	28,790,585	7,977	-	-	-	7,977
Bought deal	19,500,000	13,630	-	-	-	13,630
Shares issued on note purchase agreement	1,500,000	588	-	-	-	588
Shares issued on vesting of share units	756,247	154	(154)	-	-	-
Subscriptions received	-	15	-	-	-	15
Share issuance costs - cash	-	(1,524)	-	-	-	(1,524)
Share issuance costs - warrants	-	(30)	30	-	-	-
Warrants exercised	9,031,400	2,387	(327)	-	-	2,060
Options exercised	243,273	96	(41)	-	-	55
Share-based compensation	-	-	1,601	-	-	1,601
Loss for the year	-	-	-	(1,033)	21,035	20,002
Balance, March 31, 2025	244,113,685	\$ 92,752	\$ 10,188	\$ 43	\$ (41,441)	\$ 61,542

See notes to the consolidated financial statements

HELIOSTAR METALS LTD.

Consolidated Statements of Cash Flows

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

	Year ended March 31,	
	2025	2024
	<i>Restated (Note 4)</i>	
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ 21,035	\$ (14,781)
Items not affecting cash:		
Accretion of consideration payable	-	209
Accretion of provision for reclamation and closure	1,086	20
Depreciation	1,590	118
Share-based payments	1,601	1,413
Fair value loss on marketable securities	-	12
Unrealized foreign exchange	(754)	11
Fees on note purchase agreement, paid with shares	588	-
Interest	204	-
Income tax expense	4,416	-
Net increase in deferred tax liabilities	2,032	-
Consideration payable revaluation	-	(102)
Reclamation cost adjustment	(89)	-
Gain on extinguishment of transaction	(1,763)	-
Gain on acquisition	(26,964)	-
Reclamation payments	(2,685)	-
<i>Net change in non-cash working capital</i>		
Amounts receivable	2,629	(31)
Inventories	(1,691)	-
Prepaid amounts and advances	280	1,613
Other current assets	143	-
Accounts payable and accrued liabilities	4,474	623
Income Taxes Payable	(461)	-
Due to related parties	181	(109)
	\$ 5,852	\$ (11,004)
Investing activities		
Acquisition of mineral properties and property, plant and equipment	(502)	(36)
Acquisition of exploration and evaluation assets	(85)	(38)
Net cash outflow on acquisition	(687)	-
Proceeds from sale of marketable securities	-	11
	\$ (1,274)	\$ (63)
Financing activities		
Proceeds from loans payable	6,667	-
Repayment of loans payable	(6,667)	-
Debt issuance costs	(204)	-
Proceeds from warrants and stock options exercised	2,115	-
Proceeds from share issuance, net of share issue costs	20,083	8,592
Subscriptions received	15	-
	\$ 22,009	\$ 8,592
Effect of foreign exchange on cash	42	(20)
Change in cash	26,629	(2,495)
Cash, beginning of the year	556	3,051
Cash, end of the year	\$ 27,185	\$ 556
Schedule of Non-cash Investing and Financing Transactions		
Residual value of warrants	\$ -	\$ 276
Fair value of broker's warrants	30	13
Fair value of broker's options	-	68
Shares issued on vesting of share units	154	-
Fees Shares issued on loan	588	-
Change in estimated reclamation	(222)	204

See notes to the consolidated financial statements

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. is the parent company of its subsidiary group (collectively, the “Company” or “Heliostar”) and is a publicly traded corporation, incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 1723-595 Burrard Street, Vancouver, BC, V7X 1J1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol “HSTR” and on the OTCQX under the trading symbol “HSTXF.”

The Company is engaged in gold and silver mining, exploration and related activities in Mexico and Alaska. The Company, through acquisition of Florida Canyon Gold Inc. (“FCGI”) Mexican assets (refer to Note 5) during the year ended March 31, 2025, became the operator of the open pit La Colorada gold mine (“La Colorada”) in Hermosillo, Mexico, and the open pit San Agustin gold mine (“San Agustin”) in Durango, Mexico.

Going concern

The Company has significant accumulated losses and has disclosed material uncertainties that cast significant doubt on its ability to continue as a going concern in the past, primarily due to the need for additional financing and proceeds from asset divestitures to support its exploration and development activities. Since that time, the Company has successfully commenced gold and silver doré production following the acquisition of Florida Canyon Gold Inc.’s Mexican assets (refer to Note 5). As a result, from November 7, 2024, to March 31, 2025, the Company generated mine operating earnings of \$18,579 and reported a net income of \$21,035 for the year ended March 31, 2025. Additionally, as of March 31, 2025, the Company had working capital of \$41,433 and cash of \$27,185. Given these developments, management has assessed that the material uncertainties previously disclosed no longer exist, as the Company has demonstrated its ability to generate positive cash flows from operations and maintain financial stability. Accordingly, the consolidated financial statements for the year ended March 31, 2025, have been prepared on a going concern basis, and no material uncertainty disclosure is required.

2. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, 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.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name of the company	Place of incorporation	Proportion of ownership interest March 31, 2025	Proportion of ownership interest March 31, 2024	Principal activity
Heliostar Metals USA Inc.	Nevada, USA	100%	100%	Mineral exploration
Heliostar Metals Alaska Inc.	Alaska, USA	100%	100%	Mineral exploration
Heliodor Metals Limited	British Columbia, Canada	100%	100%	Holding company
Heliodor Metals Mexico S.A. de C.V.	Chihuahua, Mexico	100%	100%	Mineral exploration
Aurea Mining Inc.	British Columbia, Canada	100%	100%	Holding company
Minera Aurea S.A. de C.V.	Guerrero, Mexico	100%	100%	Mineral exploration
Heliostar Mexico S.A. de C.V.	Chihuahua, Mexico	100%	100%	Mineral exploration
Helio One Resources, Ltd	British Columbia, Canada	100%	n/a	Holding company
Helio Two Resources, Ltd	British Columbia, Canada	100%	n/a	Holding company
Helio Three Resources, Ltd	British Columbia, Canada	100%	n/a	Holding company
Helio Four Resources, Ltd	British Columbia, Canada	100%	n/a	Holding company
Helio Five Resources, Ltd.	British Columbia, Canada	100%	n/a	Dormant company
Helio Six Resources, Ltd.	British Columbia, Canada	100%	n/a	Dormant company
Mineral Real del Oro S.A. de C.V.	Mexico	100%	n/a	Mining company
Compañía Minera Pitalla, S.A. de C.V.	Mexico	100%	n/a	Mining company
Kings-San Anton S.A. de C.V.	Mexico	100%	n/a	Mineral exploration
Minexon S.A. de C.V.	Mexico	100%	n/a	Service company
Mineral Sud California S.A de C.V.	Mexico	100%	n/a	Service company
Timmins GoldCorp Mexico S.A. de C.V.	Mexico	100%	n/a	Dormant company

Presentation and functional currency

The functional currency represents the currency of the primary economic environment in which an entity conducts its operations. Determination of the functional currency is made at the entity level within the Company.

Effective January 1, 2025, the functional currency of Heliodor Metals Mexico S.A. de C.V, Aurea Mining Inc., Minera Aurea S.A. de C.V. has changed from Canadian dollar to US dollar, resulting from the change in primary sources of funding of these entities.

The Company determined the functional currency of Heliostar Metals Alaska, Inc. to be Canadian dollar and that of all remaining subsidiaries to be the US dollar. The functional currency of the parent company is Canadian dollar (Note 4).

As of January 1, 2025, the Company's presentation currency is the US dollar (Note 4).

For entities where the functional currency differs from the presentation currency, the translation of foreign currency transactions and balances is as follows:

- Assets and liabilities are translated at period end exchange rates;
- Revenue and expenses are translated using exchange rates approximating those in effect on the date transactions occurred; and
- Exchange gains and losses arising on translation are recorded to foreign currency translation reserve in other comprehensive income.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Inventories

Inventories are stated at the lower of weighted average cost and the net realizable value ("NRV"). For work-in-process and finished goods inventories, the NRV is determined by using the estimated gold price at the time of sale less remaining cost of completion to bring the inventory into saleable form. Cost of supplies inventory includes acquisition, freight, and other directly attributable costs. Work-in-process inventory includes ore in the leaching process, stockpiled ore at mining operations, and gold on carbon. Finished goods include gold in dore or bullion. For work-in-process and finished goods inventories, cost includes all direct costs incurred in production, including direct labor and materials, freight, depreciation and amortization of plant and equipment used in the production process, depletion of mineral properties and directly attributable overhead costs. If the NRV is lower than the expected cost of the finished product, the inventory is written down to the NRV. The write down may be reversed if circumstances change.

Work-in-process inventories that the Company does not expect to process in the 12 months following the statement of financial statement date are classified as non-current. The NRV of the non-current portion of inventories are calculated based on the estimated price at the time of sale using long-term gold prices less remaining costs to completion to convert the inventories into saleable form discounted over the planned processing timeframe.

Mineral properties, plant and equipment

a) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment charges. The cost of buildings, mobile equipment, and plant and processing equipment used in the Company's mining operations are amortized on either a straight-line basis over the estimated useful life of the related asset or on a unit-of production basis over estimated proven and probable reserves, or other relevant metric. The cost of office equipment, furniture and fixtures, and vehicles is amortized on a straight-line basis over the estimated useful life of the related asset.

b) Mineral properties

The costs of acquiring and developing mineral properties or property rights, and increasing future output by providing access to additional sources of reserves or resources, are capitalized up to the time the asset is ready to use. Proceeds derived from mining activities and incidental proceeds from the sale of items prior to the assets being ready for use in the manner intended by management are recognized as revenues along with the related costs in the consolidated statements of (loss) income.

Mineral properties are recorded at cost less accumulated depletion and impairment charges. When assets are ready for use as intended by management, mineral properties and mine development costs are amortized on a unit-of-production basis over the estimated proven and probable reserves, resources or other relevant metrics to which they relate. Mine development costs associated with each distinct section of the mine are amortized over the reserves, resources or other relevant metric to which they relate. Upon sale or abandonment of mineral properties, the cost and related accumulated depletion are written off and any gains or losses thereon are included in the consolidated statements of (loss) income.

During the production phase, further mining expenditures, including development costs, incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized to mineral properties. Stripping costs incurred in the production phase are accounted for as variable production costs. However, stripping costs incurred to improve access to the identified component of ore, which are determined using strip ratio methodology, will be capitalized and recorded on the statement of financial position as deferred stripping, a component of mineral properties. The deferred stripping will be depleted on a unit-of production basis over the reserves that directly benefited from the stripping activity.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Amortization of mineral properties, plant and equipment

The carrying amounts of mineral properties, plant and equipment are depreciated, depleted or amortized to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below:

- Plant and equipment - 1 to 30 years straight-line, not to exceed mine life;
- Mineral properties and mine development costs - based on a unit-of-production basis over estimated proven and probable reserves; and
- Assets under construction - not amortized.

Estimates of residual values, useful lives, and proven and probable reserves are reassessed at least annually, and any change in estimate is considered in the determination of remaining depreciation, depletion, or amortization charges. Depreciation, depletion or amortization commences on the date the asset is available for use as intended by management.

Exploration and evaluation assets

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

At each reporting date, the Company determines whether impairment indicators exist based on the Company's ability to raise financing and significant changes in an individual property's work program. The Company examines for indicators of impairment, such as the right or financial ability to perform work on a mineral property, plans for exploration on a property, and management's intent to advance or not advance a property.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Since options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. Revenue from the sale of goods is recognized when control has transferred, which is generally considered to occur when title passes to the customer. Once the title has passed to the customer, the significant risks and rewards of ownership have been transferred, and the customer is able to direct the use of and obtain substantially all the remaining benefits from the goods.

Metals in doré sold are priced on the date of the transfer of control. Final weights and assays are adjusted on the final settlement, which is approximately one month after delivery.

Revenue is recorded net of refining costs.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Share-based payments

Stock options

The Company grants stock options to buy common shares of the Company to directors, officers, employees and certain consultants.

Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as share capital and the related equity reserve is transferred to share capital. When stock options are forfeited prior to becoming fully vested, any expense relating to the unvested options previously recorded, is reversed. The fair value of stock options to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured) and are recorded at the date the goods or services are received.

Restricted Share Units ("RSUs")

The Company awards RSUs to directors, officers, employees and certain consultants. RSUs are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach.

Warrants

Warrants are classified as equity as they will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to shares issued, according to their fair value and the residual value is allocated to the warrants. The Company does not measure the impact of modification to the terms of warrants previously issued.

Share capital

Share capital issued for monetary consideration is recorded at the amount of the proceeds in exchange for the Company's shares at the time of issuance net of any share issue costs. Share capital issued for non-monetary consideration is recorded at fair value, the quoted share price at the time of issuance.

Earnings/loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year.

The computation of diluted earnings per share assumes the conversion, exercise, or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants that are anti-dilutive is not included in the determination of diluted earnings per share.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives), or the Company has opted to measure them at FVTPL.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss.

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

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 profit and loss, 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.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the cash-generating unit to which the asset belongs.

Non-monetary assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Income taxes

Income tax consists of current and deferred tax expense. Current tax and deferred tax are recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassess unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Reclamation and closure cost provisions

The Company is subject to environmental laws and regulations. A provision for reclamation and closure costs is recognized at the time the legal or constructive obligation first arises, which is generally the time that the environmental disturbance occurs. The provision is calculated as the present value of the expenditures required to settle the obligation. Upon initial recognition of the provision, a corresponding amount is added to the carrying amount of the related mineral property, plant, or equipment and is amortized using the same method as applied to the related asset. Following the initial recognition of the provision, the carrying amount is increased for the unwinding of the discount and for changes to the discount rate and the amount or timing of cash flows required to settle the obligation. The unwinding of the discount is recognized as finance expense in net income or loss while the effect of the changes to the discount rate and the amount or timing of cash flows are recognized as an adjustment to the carrying amount of the related mineral property, plant, or equipment.

Contingent consideration payable in asset acquisition

Consideration payable from an asset acquisition is recognized when: (i) the conditions associated with the contingency are met; (ii) the Company has a present legal or constructive obligation that can be estimated reliably; and (iii) and it is probable that an outflow of economic benefits will be required to settle the obligation.

Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured at the date of the exchange, as the aggregate of the fair value of assets acquired, liabilities assumed and equity instruments issued by the company in exchange for control of the acquiree. Acquisition-related costs incurred are expensed. The acquiree's identifiable assets and liabilities are recognized at their fair value at the acquisition date.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the fair value of the net identifiable assets and liabilities recognized. If the fair value of the acquiree's net identifiable assets and liabilities exceeds the cost of the acquisition, the excess is recognized in income or loss immediately as gain on acquisition.

Accounting standards adopted in the period

In 2022, IASB issued amendments to IAS 1, clarifying the presentation of liabilities. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also require new disclosures in the annual financial statements for non-current liabilities that are subject to covenants within 12 months after the end of the reporting period. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments were applied effective April 1, 2024, and did not result in any adjustment to the consolidated financial statements.

New accounting standards issued but not yet effective

In August 2023, IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, although earlier application is permitted. This amendment is not expected to have a material impact on the Company's consolidated financial statements.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in the Financial Statements* ("IFRS 18"), replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on our consolidated financial statements.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Company is currently assessing the effect of these amendments on our consolidated financial statements.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

Key sources of estimation uncertainty and judgments

Mineral properties

The cost of acquiring, exploring and developing mineral properties and the cost to increase future output by providing access to additional reserves or resources, are capitalized. Management relies on internal geological and metallurgical experts to develop estimates of recoverable reserves and resources, metallurgical recovery estimates, and future production volumes. After a mine commences production, these costs are amortized over the proven and probable reserves to which they relate if available; otherwise, the Company will use its best estimate based on measured and indicated resources or another relevant metric. The determination of reserves and resources is complex and requires the use of estimates and assumptions related to geological sampling and modeling, future commodity prices and costs to extract and process the ore. The mineral reserve or resource is used in estimating the value of the mineral property and in the determination of recoverable ounces which is further used in depletion and depreciation calculations.

Inventory

In valuing inventories at the lower of cost and net realizable value, the Company makes estimates in determining the net realizable price and in quantifying the contained metal in finished goods and work in process.

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 2. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Management assesses the fair value of restricted shares units based on the fair value of the Company's share on issuance day.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

The Company's operations involve dealing with uncertainties and judgments in the application of tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Estimated useful lives and depreciation of equipment and intangible asset

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and Heliostar Metals Alaska, Inc. is the Canadian dollar. All of the Company's other subsidiaries have US dollar functional currency. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and evaluation assets

Management reviews the carrying value of the Company's exploration and evaluation assets on a quarterly basis or when there are indications that the carrying amount may not be recovered. The assessment of potential impairment involves judgment and considers various factors such as the Company's market capitalization, fluctuations in metal prices, property plans, and the results of exploration activities conducted so far. This evaluation also considers changes in the market or business environment, events that have affected the asset, and information obtained from internal reporting to determine if any indications of impairment exist.

Acquisitions

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances.

Accounting for acquisitions requires estimates with respect to the fair value of the assets acquired and liabilities assumed. The determination of fair value requires management to use valuation methods including discounted cash flow models and other market-based information, and to make assumptions and estimates about future events, such as production, future metal prices, production costs, capital expenditures, discount rates and other assumptions. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired and liabilities assumed.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instrument classification and measurement

The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair values of financial assets and liabilities

The Company's financial instruments recorded at amortized cost include cash, accounts payable and accrued liabilities, lease liabilities, consideration payable, and due to related parties. All financial instruments recorded at amortized cost approximate fair value.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or those not designated in hedge relationships.

Provisionally priced trade receivables are measured at FVTPL as some or all of the cash flows are dependent on commodity prices. These receivables are initially measured at their transaction price. Subsequent changes to provisionally priced trade receivables are recorded in the consolidated statement of income (loss) as revenue.

Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

Currency risk

The Company's main property interests in Alaska, USA, and in Sonora, Durango, Baja California Sur, Guanajuato and Guerrero, states of Mexico, make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$17,880 denominated in Canadian dollars and net monetary liabilities of approximately \$195,051 denominated in Mexican pesos. A 10% change in the absolute rate of exchange in the foreign currencies would have an effect of \$315 to the net income.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken. The Company's accounts receivable subject to provisional pricing are not significant and fluctuations in pricing are not expected to be material.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and trade receivables. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk. The maximum exposure to credit risk is equal to the carrying value of cash and trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at March 31, 2025, the Company had a cash balance of \$27,185 and accounts payable and accrued liabilities of \$14,576 with contractual maturities of less than one year.

4. CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCIES

Following the Company's acquisition of FCGI's Mexican assets on November 7, 2024, management reassessed the functional currency of its subsidiaries (specifically Heliador Metals Ltd., Heliador Metals S.A. de C.V., Aurea Mining Inc., Minera Aurea S.A. de C.V., Heliostar Mexico S.A. de C.V., Helio One Resources Ltd., Helio Two Resources Ltd., Helio Three Resources Ltd., Helio Four Resources Ltd., Helio Five Resources Ltd. and Helio Six Resources Ltd.) to be US dollar effective January 1, 2025, when the transition and operation of the acquired mining assets was well established. Considering the Company's US dollar revenues, a significant portion of expenditures being in US dollars and funding for further exploration activities coming from US dollar revenues, the Company concluded that these entities' functional currency should be US dollar instead of Canadian dollar. All assets, liabilities, share capital, and other components of shareholders' equity (deficit) were translated into United States dollars at the exchange rate at the date of change. These changes have been accounted for prospectively.

All remaining subsidiaries, except Heliostar Metals Alaska Inc., remain as US dollar functional currency and the parent company and Heliostar Metals Alaska Inc. as Canadian dollar functional currency.

Concurrently with the change in functional currency, the Company changed its presentation currency from the Canadian dollar to the US dollar. This change in presentation currency is to better reflect the Company's business activities and to align operational reporting within the industry.

The consolidated financial statements for all periods presented have been translated into the new presentation currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The consolidated statements of earnings (loss) and comprehensive earnings (loss) have been translated into the presentation currency using the average exchange rates prevailing during the reporting period. All assets and liabilities previously reported in Canadian dollars have been translated into United States dollars as at April 1, 2023, and March 31, 2024, using the period-end exchange rates of 1.35 CAD/USD and 1.36 CAD/USD, respectively. The comparative shareholders' equity (deficit) balances were translated at historical exchange rates. The comparative statements of net earnings (loss) and cash flows were translated at an annual average of 1.35 CAD/USD for the year ending March 31, 2024. All resulting exchange differences have been recognized in the foreign currency translation reserve. The effect of applying different exchange rates for the change in functional currency and presentation currency has been included as a reconciling item within the statement of changes in shareholders' equity (deficit) as at April 1, 2023.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

In preparing its opening statement of financial position, the Company has restated the amounts reported previously in Canadian dollars to US dollars as detailed below:

Consolidated statement of financial position

	April 1, 2023		March 31, 2024	
	Previously reported in C\$	Restated in US\$	Previously reported in C\$	Restated in US\$
Assets				
Total current assets	\$ 6,565	\$ 4,850	\$ 1,044	\$ 771
Total non-current assets	27,123	20,043	27,319	20,161
Total assets	33,688	24,893	28,363	20,932
Liabilities				
Current liabilities	1,287	950	4,468	3,298
Non-current liabilities	2,665	1,970	673	496
Total Liabilities	3,952	2,920	5,141	3,794
Shareholders' equity				
Share capital	76,820	61,231	87,846	69,459
Accumulated other comprehensive income	283	1,135	283	1,076
Reserves	9,137	7,302	11,531	9,079
Deficit	(56,504)	(47,695)	(76,438)	(62,476)
Total Equity	29,736	21,973	23,222	17,138
Total liabilities and shareholders' equity	\$ 33,688	\$ 24,893	\$ 28,363	\$ 20,932

Consolidated statement of loss and comprehensive loss

	Year ended March 31, 2024	
	Previously reported in C\$	Restated in US\$
General and administrative expenses	\$ 3,755	\$ 2,784
Exploration expenses	13,867	10,282
Share-based compensation	1,906	1,413
Operating Loss	(19,528)	(14,479)
Net finance expenses	(260)	(193)
Foreign exchange (loss) or gain	(268)	(199)
Other (expense) income	122	90
	(406)	(302)
Net income (loss) for the period	(19,934)	(\$ 14,781)
Other comprehensive income		
Foreign currency translation	-	(59)
Total comprehensive loss for the year	\$ (19,934)	\$ (14,840)
Basic and diluted loss per share	(0.12)	(0.09)
Weighted average number of common shares outstanding (basic and diluted)	166,901,946	166,901,946

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Consolidated statement of cash flows

	Year ended March 31, 2024	
	Previously reported in C\$	Restated in US\$
Net cash used in operating activities	\$ (14,805)	\$ (11,004)
Net cash used in investing activities	(86)	(63)
Net cash used in financing activities	11,515	8,592
Effect of foreign exchange on cash and cash equivalents	-	(20)
Change in cash during the year	(3,376)	(2,495)
Cash, beginning of the year	4,129	3,051
Cash and cash equivalents, end of the year	\$ 753	\$ 556

5. ACQUISITION OF FLORIDA CANYON GOLD INC. MEXICAN SUBSIDIARIES ("FCGI Transaction")

On November 7, 2024, the Company acquired 100% of the issued and outstanding shares of FCGI Mexican subsidiaries, being the shares held by FCGI, directly or indirectly, in each of Minexon S.A. de C.V., Compañía Minera Pitalla S.A. de C.V., Minera Real del Oro S.A. de C.V., Mineral Sud California S.A. de C.V., Kings-San Antón S.A. de C.V. and Timmins GoldCorp Mexico S.A. de C.V., pursuant to a share purchase agreement dated July 16, 2024, between FCGI and Heliostar. On closing of the FCGI Transaction, the Company paid \$5,000.

The acquisition was completed in order to support the Company's growth strategy with multiple gold –producing assets and a strong pipeline for production growth.

The Company has determined that this transaction represents a business combination with the Company identified as the acquirer, as defined in IFRS 3 Business Combinations. The Company began consolidating the operating results, cash flows and nets assets of FCGI Mexican subsidiaries from November 7, 2024, onwards.

The determination of the fair value of assets acquired and liabilities assumed is based on a detailed valuation of FCGI Mexican subsidiaries' net assets, utilizing income, market, and cost valuation methods conducted with the assistance of an independent third party. The purchase price allocation for the FCGI Transaction was finalized during the current reporting period. All identifiable assets acquired and liabilities assumed have been measured at their fair values as of the acquisition date, in accordance with IFRS 3. No further measurement period adjustments are anticipated.

As part of the FCGI Transaction, Heliostar and FCGI entered into termination agreements for the Ana Paula acquisition agreement and San Antonio option agreement. On November 7, 2024, the \$2,000 consideration payable on the earlier of the completion of a feasibility study for the Ana Paula project and January 1, 2025, was extinguished, resulting in a gain on extinguishment of transaction of \$1,763.

Given the significant change in mining environment in Mexico between the purchase agreement on July 11, 2024, and the acquisition date of November 7, 2024, as well as additional reserves being identified around the time of the acquisition, the transaction resulted in a gain on acquisition.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Total consideration for the acquisition was valued at \$5,000 and allocated as follows on November 7, 2024:

Purchase Price Allocation	Preliminary	Adjustments¹	Final
Cash consideration paid	\$ (5,000)	\$ -	\$ (5,000)
Elimination of contingent payments	2,000	(2,000)	-
Concession payments	(531)	531	-
Cash and cash equivalents acquired	4,313	(4,313)	-
Implied enterprise value	\$ 782	\$ (5,782)	\$ (5,000)
Assets & liabilities:			
Cash	-	4,313	4,313
Current assets (excluding cash)	50,153	57	50,210
Current liabilities	(15,226)	(677)	(15,903)
Other non-current assets	4,250	(1,553)	2,697
Non-current liabilities	(14,063)	(17,873)	(31,936)
Machinery & Equipment – El Castillo	-	481	481
Machinery & Equipment - San Agustin	11,615	77	11,692
Machinery & Equipment - La Colorada	5,924	(1,114)	4,810
Exploration and Evaluation - Cerro Del Gallo	1,600	(1,010)	590
Exploration and Evaluation - San Antonio	3,500	(2,510)	990
Mineral properties - San Augustin Mine	6,200	(4,870)	1,330
Mineral properties - La Colorada Mine	12,705	(10,015)	2,690
Net assets acquired	66,658	(34,694)	31,964
Unallocated Cost of Acquisition (Bargain Purchase Gain)	(67,440)	40,476	(26,964)
Total assets allocated	\$ (782)	\$ 5,782	\$ 5,000

¹The fair values of inventories, mineral properties, plant and equipment, reclamation and closure cost provision, and deferred income tax liabilities were measured on a provisional basis at the acquisition date, pending completion of the valuation process which was finalized at March 31, 2025.

Financial and operating results of FCGI Mexican subsidiaries are included in the Company's consolidated financial statements effective November 7, 2024. During the year ended March 31, 2025, the FCGI Transaction contributed \$36,574 of revenues and \$33,636 of net earnings to the Company's financial results since November 7, 2024.

Had the business combination been effective April 1, 2024, pro-forma revenues and net income of the Company for the year ended March 31, 2025, would have been \$107,682 and \$33,174, respectively. Total transaction costs of \$588 were expensed during the period.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

6. EXPLORATION AND EVALUATION ASSETS

The Company had the following interests in mineral properties as at March 31, 2025 and 2024:

	USA	Mexico				Total
	Alaska	Sonora	Guerrero	Guanajuato	La Paz	
	Unga	Heliodor	Ana Paula	Cerro del Gallo	San Antonio	
March 31, 2023 <i>(Restated Note 4)</i>	\$ 3,376	\$ 4,188	\$ 11,445	\$ -	\$ -	\$ 19,009
Additions	-	-	24	-	-	24
Changes in closure and reclamation	-	-	203	-	-	203
Foreign currency translation	(4)	(6)	-	-	-	(10)
March 31, 2024 <i>(Restated Note 4)</i>	\$ 3,372	\$ 4,182	\$ 11,672	\$ -	\$ -	\$ 19,226
Additions	85	-	-	590	990	1,665
Changes in closure and reclamation	-	-	(94)	-	-	(94)
Foreign currency translation	(198)	(240)	(681)	-	-	(1,119)
Monday, March 31, 2025	\$ 3,259	\$ 3,942	\$ 10,897	\$ 590	\$ 990	\$ 19,678

a) Unga Project, Alaska, USA

The Unga Project is comprised of patented Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with an option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

The Company is currently negotiating a second amendment to the Agreement, including reviewing the partial expenditures from 2024.

Pursuant to the Agreement, the Company is required to complete the following:

	(a)	Exploration Expenditure	(b)
	Cash	on the Property	
On the execution date of the agreement	\$75 (i)	\$500 (ii)	
July 1, 2020	75 (i)	525 (ii)	
July 1, 2021	80 (i)	525 (ii)	
July 1, 2022	85 (i)	550 (ii)	
July 1, 2023	90 (i)	600 (ii)	
July 1, 2024	95 (iii)	700 (iii)	
July 1, 2025	100	750	
July 1, 2026	110	850	
	\$710	\$5,000	

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

- (a) The cash amount includes the option payments and the materials payments.
- (b) The first year's year begins from July 1, 2019. Subsequent option years commence on January 1 and end December 31.
 - (i) Paid
 - (ii) Incurred
 - (iii) Partially incurred

The Company is currently negotiating the renewal of a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project".

b) *Heliodor projects, Sonora, Mexico*

As part of the acquisition of Heliodor Metals Limited ("Heliodor") in August 2020, the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

The Company owns 100% interest in the Oso Negro, La Lola, and Cumaro projects, with Oso Negro subject to a 1% net smelter royalty that the Company can buy for US\$500, La Lola project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750, and Cumaro subject to a 2% net smelter royalty with the option to buy 1% for US\$1,000.

c) *Ana Paula , Guerrero, Mexico*

The Ana Paula Project is a gold project located in the state of Guerrero, Mexico ("Ana Paula Project") and is 100% owned by the Company. The Company recognizes the liabilities for legal or constructive obligations associated with the retirement of the Ana Paula projects (Note 8).

d) *Cerro del Gallo, Guanajuato, Mexico*

The Cerro del Gallo Project is a 100% owned gold-silver project in the Guanajuato state of Mexico, acquired as part of the FCGI assets on November 7, 2024 (Note 5).

e) *San Antonio, La Paz, Mexico*

The San Antonio Project is a 100% owned gold project in the state of Baja California Sur, Mexico, acquired as part of FCGI assets on November 7, 2024 (Note 5).

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

7. MINERAL PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

	Mineral properties	Land and buildings	Furniture and other equipment	Vehicles	Machinery and equipment	Total
Cost						
Balance - March 31, 2023 (Restated Note 4)	\$ -	\$ 688	\$ -	\$ 369	\$ -	\$ 1,057
Additions	-	-	36	-	-	36
Foreign Currency Adjustment	-	(1)	-	21	-	20
Balance - March 31, 2024 (Restated Note 4)	\$ -	\$ 687	\$ 36	\$ 390	\$ -	\$ 1,113
Additions - FCGI transaction	4,020	3,320	135	1,391	12,137	21,003
Additions	-	-	502	-	-	502
Asset retirement costs	405	-	-	-	-	405
Foreign Currency Adjustment	-	(40)	(2)	(22)	-	(64)
Balance - March 31, 2025	\$ 4,425	\$ 3,967	\$ 671	\$ 1,759	\$ 12,137	\$ 22,959
Accumulated depreciation						
Balance - March 31, 2023 (Restated Note 4)	\$ -	\$ -	\$ -	\$ 76	\$ -	\$ 76
Depreciation	-	27	3	88	-	118
Foreign Currency Adjustment	-	-	-	22	-	22
Balance - March 31, 2024 (Restated Note 4)	\$ -	\$ 27	\$ 3	\$ 186	\$ -	\$ 216
Depreciation	-	462	21	177	930	1,590
Foreign Currency Adjustment	-	(11)	(6)	3	-	(14)
Balance - March 31, 2025	\$ -	\$ 478	\$ 18	\$ 366	\$ 930	\$ 1,792
Carrying amounts						
As at March 31, 2023 (Restated Note 4)	\$ -	\$ 688	\$ -	\$ 293	\$ -	\$ 981
As at March 31, 2024 (Restated Note 4)	\$ -	\$ 660	\$ 33	\$ 204	\$ -	\$ 897
Balance - March 31, 2025	\$ 4,425	\$ 3,489	\$ 653	\$ 1,393	\$ 11,207	\$ 21,167

During the year ended March 31, 2025, \$1,485 of depreciation was allocated to inventory and cost of sales (2024 – nil) and \$105 to general and administrative expenses (2024 – 118).

8. RECLAMATION AND CLOSURE COST PROVISIONS

The Company recognized a provision for reclamation related to the environmental restoration and closure costs associated with La Colorada mine, San Agustin mine, El Castillo mine and Ana Paula project. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, and other costs.

The timing of cash flows has been based on the estimated mine lives using current reserves and the present value of future cash flows. Reclamation costs related to El Castillo are currently being incurred and reclamation costs for all mines are expected to be settled by 2035. The model assumes risk-free rates ranging between 8.0% and 9.4% and estimated inflation rate of 3.2%. As of March 31, 2025, the total undiscounted expected future cash flows of the Company's reclamation and closure cost provisions were \$40,006 (2024 – \$465).

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

	Ana Paula	El Castillo	San Agustin	La Colorada	Total
Balance at March 31, 2023 <i>(Restated Note 4)</i>	\$ 139	\$ -	\$ -	\$ -	\$ 139
Change in estimate	203	-	-	-	203
Accretion	20	-	-	-	20
Foreign Currency Adjustment	(1)	-	-	-	(1)
Balance at March 31, 2024 <i>(Restated Note 4)</i>	361	-	-	-	361
Addition - FCGI Transaction	-	12,008	10,827	5,246	28,081
Change in estimate	(94)	(89)	369	36	222
Reclamation expenditures (payments)	-	(2,685)	-	-	(2,685)
Accretion	31	405	438	212	1,086
Foreign exchange loss	-	(22)	(28)	(13)	(63)
Foreign Currency Adjustment	(21)	-	-	-	(21)
Balance at March 31, 2025	\$ 277	\$ 9,617	\$ 11,606	\$ 5,481	\$ 26,981
Current portion of reclamation provision	-	3,404	-	-	3,404
Non-current portion of reclamation provision	277	6,213	11,606	5,481	23,577

9. REVENUES

	Year ended March 31,	
	2025	2024
Gold Dore	\$ 34,004	\$ -
Silver Dore	1,006	-
Gold Carbon	1,590	-
Silver Carbon	73	-
Gross revenue	\$ 36,673	\$ -
Refining costs	(99)	-
Revenue	\$ 36,574	\$ -

As at March 31, 2025 and 2024, there were no provisional sales.

As of March 31, 2025, 100% of the revenues was concentrated with three customers. The Company does not believe that the loss of any one customer would have a material adverse effect on the Company due to the liquidity of the markets and current availability of alternative customers. The Company enters into contracts with institutions management deems credit worthy. The Company does not anticipate non-performance by any of its counterparties

10. COST OF SALES

	Year ended March 31,	
	2025	2024
Mine	\$ 2,085	\$ -
Crushing	1,708	-
Processing	8,218	-
Mine general and administrative and royalties	4,350	-
Refining and desorption	952	-
Change in inventories	(735)	-
Inventory write off	320	-
Depreciation	1,097	-
	\$ 17,995	\$ -

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

11. NET FINANCE EXPENSES

	Year ended March 31,	
	2025	2024 (Restated Note 4)
Accretion of consideration payable	\$ -	\$ 209
Accretion of provision for reclamation and closure	1,086	20
Interest income	914	(36)
Accretion on other long-term liabilities	33	-
	\$ 2,033	\$ 193

12. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year ended March 31, 2025. The Company is not subject to externally imposed capital requirements.

13. SHARE CAPITAL

a) Authorized:

At March 31, 2025 and 2024, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Share Issuances:

For the year ended March 31, 2025:

On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 shares at C\$0.265 per share for approximately \$3,270 (C\$4,480) in gross proceeds. On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 1,886,000 shares at C\$0.265 per share for approximately \$365 (C\$500) in gross proceeds.

The Company paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$146 (C\$200). In addition, the Company issued the finders 554,718 non-transferable finder's warrants with grant date fair value of \$30. Each Finder's Warrant entitles the holder to purchase one share at a price of C\$0.265 for a period of 12 months.

On October 16, 2024, the Company completed a non-brokered private placement of 10,000,000 units at a price of C\$0.60 per Unit for gross proceeds of \$4,342 (C\$6,000). Each Unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of C\$0.90 per warrant for a period of 24 months following the closing date of the private placement. The Company incurred \$428 (C\$590) in cash share issue costs.

On November 4, 2024, the Company issued 1,500,000 shares with a fair value of \$588 to Dean Knight to establish the loan facility described in Note 15.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

On March 28, 2025, the Company completed a bought deal equity financing, including the partial exercise of the underwriters' option, for 19,500,000 shares at a price of C\$1.00 per share for gross proceeds of \$13,630 (C\$19,500). The Company incurred \$950 (C\$1,279) in cash share issue costs.

In the year ended March 31, 2025, the Company issued 243,273 common shares upon the exercise of options and 9,031,400 from exercise of warrants, for gross proceeds of \$55 and \$2,060, respectively.

Subsequent to March 31, 2025, the Company issued 5,275,342 common shares upon the exercise of warrants, 464,582 upon exercise of stock options and 906,249 on RSU conversion, for proceeds of \$1,765, and 120,001 options were cancelled

For the year ended March 31, 2024:

On July 11, 2023, the Company completed a private placement, offering of 18,919,024 units at C\$0.37 per unit for approximately \$5,283 (C\$7,000) in gross proceeds. Out of the gross proceeds of the private placement, \$283 (C\$378) residual value was attributed to warrants.

Each unit includes one common share and half of a warrant. The warrant allows purchasing one common share at C\$0.50 for the first six months until January 11, 2024, and then at C\$0.70 for the remaining 12 months.

The Company issued 599,412 non-transferable compensation options to the agents. The Company recognized \$68 (C\$93) as share issue cost for the fair value of the compensation options granted to the agents. Each compensation option entitles the holder to purchase one common share at C\$0.37 for a period of 18 months. The assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of stock options are disclosed in section c) Share Purchase Option Compensation Plan.

In connection with the non-brokered portion of the financing, the Company issued 111,894 non-transferable finder's warrants to the finder. Each finder's warrant entitles the holder to purchase one common share at C\$0.37 for a period of 18 months. The finders' warrants have a fair value of \$13 (C\$17) using the Black-Scholes Option Pricing Model. The assumptions used in the Black-Scholes Options Pricing Model to estimate the fair value of warrants can be found in Note 13(d).

On November 14, 2023, the Company announced an early warrant exercise incentive program, the purpose of which was to encourage the early exercise of the Company's warrants issued on March 16, 2023. Under the incentive program, holders of such warrants were entitled to receive one-third of one common share purchase warrant, if they exercised their March 16, 2023 warrants prior to 12:00 p.m. PST on December 8, 2023.

On December 8, 2023, the Company issued 17,599,544 common shares upon the exercise of warrants, for gross proceeds of \$3,886 (C\$5,280).

The Company incurred \$577 (C\$766) in cash share issue costs.

c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange, and the term cannot exceed 10 years. The vesting period of each option is determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the period ended March 31, 2025 and 2024 is summarized as follows, with exercise prices expressed in Canadian dollars:

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

Expiry date	Exercise price (C\$)	March 31, 2024	Granted	Exercised	Expired / Cancelled	March 31, 2025
October 29, 2024	\$ 0.75	454,667	-	-	(454,667)	-
September 4, 2025	\$ 1.73	1,090,000	-	-	-	1,090,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,315,333	-	-	-	1,315,333
March 27, 2028	\$ 0.30	8,651,250	-	(183,332)	-	8,467,918
July 11, 2025	\$ 0.37	599,412	-	(59,941)	(539,471)	-
December 5, 2028	\$ 0.33	1,500,000	-	-	-	1,500,000
December 11, 2028	\$ 0.30	200,000	-	-	-	200,000
September 17, 2029	\$ 0.42	-	4,660,000	-	-	4,660,000
December 5, 2029	\$ 0.70	-	200,000	-	-	200,000
March 3, 2030	\$ 0.82	-	500,000	-	-	500,000
Options outstanding		14,170,662	5,360,000	(243,273)	(994,138)	18,293,251
Options exercisable		10,153,579				14,153,251
Weighted average exercise price (C\$)		\$0.49	\$0.47	\$0.32	\$0.54	\$0.48

Expiry date	Exercise price (C\$)	March 31, 2023	Granted	Exercised	Expired / Cancelled	March 31, 2024
March 15, 2024	\$ 0.75	96,667	-	-	(96,667)	-
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,023,333	-	-	-	1,023,333
March 27, 2028	\$ 0.30	8,651,250	-	-	-	8,651,250
July 11, 2025	\$ 0.37	-	599,412	-	-	599,412
December 5, 2028	\$ 0.33	-	1,500,000	-	-	1,500,000
December 11, 2028	\$ 0.30	-	200,000	-	-	200,000
Options outstanding		11,967,917	2,299,412	-	(96,667)	14,170,662
Options exercisable		5,780,973				10,153,579
Weighted average exercise price (C\$)		\$0.55	\$0.33	-	\$0.75	\$0.51

As of March 31, 2025, the weighted average contractual remaining life is 3.22 years (March 31, 2024 – 3.44 years). The weighted average exercise price for options exercisable as at March 31, 2025, is C\$0.49 (March 31, 2024 – C\$0.59).

As at March 31, 2025, the Company recognized \$1,089 (March 31, 2024 - \$1,098) in share-based payments expense for the fair value of stock options granted and vested. The following table summarizes the weighted average assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of stock options:

	March 31, 2025	March 31, 2024
Expected dividend yield	Nil	Nil
Expected stock price volatility	101.96%	160.38%
Exercise price	C\$0.47	C\$0.35
Risk-free interest rate	2.71%	2.91%
Fair value	C\$0.33	C\$0.31
Forfeiture rate	Nil	Nil
Expected life of options	5 years	3.44 years

Subsequently to March 31, 2025, the Company granted 700,000 options at an exercise price of C\$1.05.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

d) Warrants

A continuity of warrants for the years ended March 31, 2025 and 2024, is as follows:

Expiry date	Exercise price (C\$)	March 31, 2024	Issued	Exercised	Expired	March 31, 2025
August 2, 2024	\$ 0.75	6,010,000	-	-	(6,010,000)	-
August 2, 2024	\$ 0.75	29,400	-	-	(29,400)	-
March 16, 2026	\$ 0.30	2,521,461	-	(2,105,416)	-	416,045
March 16, 2026	\$ 0.30	28,764,092	-	(5,801,439)	-	22,962,653
January 11, 2025	\$ 0.70	9,459,512	-	(378,400)	(9,081,112)	-
January 11, 2025	\$ 0.37	111,894	-	-	(111,894)	-
December 8, 2025	\$ 0.40	5,866,504	-	(368,786)	-	5,497,718
June 21, 2025	\$ 0.265	-	554,718	(377,359)	-	177,359
October 15, 2026	\$ 0.90	-	5,000,000	-	-	5,000,000
January 28, 2027	\$ 0.42	-	809,000	-	-	809,000
Outstanding		52,762,863	6,363,718	(9,031,400)	(15,232,406)	34,862,775
Weighted average exercise price (C\$)	\$	0.43	\$ 0.78	\$ 0.32	\$0.72	\$0.40

Expiry date	Exercise price (C\$)	March 31, 2023	Issued	Exercised	Expired	March 31, 2024
October 18, 2023	\$ 1.20	928,732	-	-	(928,732)	-
October 18, 2023	\$ 1.20	58,107	-	-	(58,107)	-
November 5, 2023	\$ 1.20	1,938,303	-	-	(1,938,303)	-
November 5, 2023	\$ 1.20	199,124	-	-	(199,124)	-
August 2, 2024	\$ 0.75	6,010,000	-	-	-	6,010,000
August 2, 2024	\$ 0.75	29,400	-	-	-	29,400
March 16, 2026	\$ 0.30	2,521,461	-	-	-	2,521,461
March 16, 2026	\$ 0.30	46,363,636	-	(17,599,544)	-	28,764,092
January 11, 2025	\$ 0.70	-	9,459,512	-	-	9,459,512
January 11, 2025	\$ 0.37	-	111,894	-	-	111,894
December 8, 2025	\$ 0.40	-	5,866,504	-	-	5,866,504
Outstanding		58,048,763	15,437,910	(17,599,544)	(3,124,266)	52,762,863
Weighted average exercise price (C\$)		\$0.36	\$0.58	\$0.30	\$1.20	\$0.43

The weighted average remaining life of the outstanding warrants as at March 31, 2025, is 1.02 years (March 31, 2024 – 1.53 years).

The fair value of the finder's warrants issued during the period ended March 31, 2025, was \$30 (March 31, 2024: \$13).

For the year ended March 31, 2025, the Company has recognised share based compensation expense of \$207 (March 31, 2024: \$nil) for advisory warrants.

The following table summarizes the weighted average assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of warrants:

	March 31, 2025	March 31, 2024
Risk-free interest rate	3.27%	4.46%
Expected stock price volatility	76.89%	95.05%
Expected warrant life in years	1.59 years	1.03 years
Fair value	C\$0.24	C\$0.15
Expected dividend yield	Nil	Nil
Share price on grant date	C\$0.48	C\$0.35

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

e) Restricted shares units (RSU)

	Number of RSUs
Outstanding, March 31, 2023	2,218,750
Granted	550,000
Outstanding, March 31, 2024	2,768,750
Granted	1,380,000
Vested and settled	(756,247)
Outstanding, March 31, 2025	3,392,503

At March 31, 2025, 906,247 RSUs were vested but not settled, with an average grant date fair value of C\$0.30. These were settled on April 3, 2025 (RSUs vested but unsettled as at March 31, 2023 - 739,581).

For the year ended March 31, 2025, the Company has recognised share-based compensation expense of \$305 (March 31, 2024: \$315) for the RSUs.

Subsequently to March 31, 2025, the Company granted 150,000 RSUs.

f) Diluted earnings per share

	Year ended March 31, 2025	2024 (Restated Note 4)
Net income (loss)	\$21,035	(\$14,781)
Basic weighted average number of shares outstanding	207,587,076	166,901,946
Effect of dilutive securities:		-
Share purchase options	4,567,767	-
Warrants	10,935,417	-
Restricted share units	2,589,489	-
Diluted weighted average number of shares outstanding	225,679,749	166,901,946
Diluted earnings (loss) per share	\$ 0.09	(\$0.09)

14. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended March 31, 2025, was \$1,835 (March 31, 2024 - \$1,305) and comprised of the following:

	Year ended March 31, 2025	2024 (Restated Note 4)
Senior executive fees	\$859	\$309
Non-executive directors fees	72	47
Share-based compensation	904	949
	\$1,835	\$1,305

Other balances due to related parties include the following:

(a) Due to related parties

As of March 31, 2025, \$132 (March 31, 2024 - \$36) was payable to the management of the Company as part of their management fees.

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

15. LOAN PAYABLE

	Ocean Partners	Deans Knight	Total
Balance, March 31, 2024	\$ -	\$ -	\$ -
Additions	1,667	5,000	6,667
Debt issuance costs	-	(792)	(792)
Interest expense	25	948	973
Payment	(1,692)	(5,156)	(6,848)
Balance, March 31, 2025	\$ -	\$ -	\$ -

On August 22, 2024, the Company entered into a metals purchase contract with Ocean Partners USA, Inc. (Ocean Partners) pursuant to which Ocean Partners has agreed to buy 100% of the gold from the leach pads located at the San Agustin mine for a minimum period of six full calendar months and with a minimum delivery of 7,500 ounces of payable gold (the "Working Capital Facility"). From the date of the purchase contract until December 31, 2025, the Company has the right to request an advance payment of up to US\$5 million in three equal monthly tranches. Each tranche of the advance payment must be repaid before a subsequent tranche can be drawn. The advance payment is subject to a fee equal to three months CME Term SOFR Reference Rates plus 4%.

On August 30, 2024, the Company requested \$1,667 and repaid the loan from Ocean Partners in full on October 30, 2024, along with \$25 in accrued interest.

On November 6, 2024, the Company borrowed \$5,000 from Deans Knight Capital Management Ltd. ("Deans Knight") (the "Transaction Closing Facility") to close the acquisition of Florida Canyon Gold Inc. The Transaction Closing Facility bears annual interest of 15% and matures on November 30, 2026. In addition, the Company issued 1,500,000 share in connection to this loan and incurred debt issuance costs of \$792.

On December 16, 2024, the Company made a repayment of \$2,000 and \$13 in accrued interest on the loan from Deans Knight.

On February 13, 2025, the Company made a repayment of \$3,000 and \$51 in accrued interest on the loan from Deans Knight, fully repaying the loan.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31,	
	2025	2024
	<i>(Restated Note 4)</i>	
Accounts payable	\$ 8,949	\$ 1,292
Other payables	5,627	159
	\$ 14,576	\$ 1,451

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

17. TRADE AND OTHER RECEIVABLES

	March 31,	
	2025	2024
		(Restated Note 4)
Trade receivables	\$ 495	\$ -
Sales tax receivable	65	65
VAT Receivable	5,038	-
Other	10	-
	\$ 5,608	\$ 65

18. INVENTORIES

	March 31,	
	2025	2024
		(Restated Note 4)
Finished goods	\$ 1,616	\$ -
Work-in-process	14,345	-
Ore stockpile	75	-
Supplies	9,483	-
	\$ 25,519	\$ -

19. PREPAID AMOUNTS AND ADVANCES

	March 31,	
	2025	2024
		(Restated Note 4)
Prepaid amounts and advances	\$ 1,374	\$ 167
Prepaid income tax	14,827	-
	\$ 16,201	\$ 167
Current portion of prepaid amounts	1,963	129
non-current prepaid amounts	14,238	38

20. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended March 31,	
	2025	2024
		(Restated Note 4)
Business Development	\$ 301	\$ -
Depreciation	105	118
Directors' fees	72	47
Insurance	418	43
Investor relations and marketing	984	1,128
Management fees	362	309
Office expenses - Regional	1,628	-
Office expenses - Corporate	1,170	636
Personnel	1,890	
Professional and regulatory fees	1,873	464
Travel and promotion	188	39
	\$ 8,991	\$ 2,784

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

21. EXPLORATION EXPENSES

	Year ended March 31,	
	2025	2024 (Restated Note 4)
Unga project	\$ 114	\$ 133
Heliodor project	64	103
Ana Paula project	4,019	8,672
San Antonio project	557	1,374
Cerro del Gallo	274	-
La Colorada	2,736	-
San Agustin	265	-
	\$ 8,029	\$ 10,282

22. SEGMENTED DISCLOSURE

The Company's operating segments are based on the key information reviewed by the Company's chief operating decision makers ("CODM") in assessing performance. Following the FCGL Transaction, the Company revised its operating segments to align with the new level of information required by its CODM. The operating segments are the La Colorada and San Agustin mines, located in Mexico. The company has one development project, Ana Paula, located in Mexico. The Exploration segment consists of projects in the exploration and evaluation phases in Mexico and the USA and a Corporate segment represents the corporate office.

For the years ended March 31,		Revenue	Cost of sales, net of depreciation	Depletion and amortization	Mine operating earnings	Exploration expense	G&A	Net earnings (loss)
La Colorada	2025	\$ 13,688	\$ (5,565)	\$ (73)	\$ 8,050	\$ (2,736)	\$ (1,205)	\$ 945
	2024	-	-	-	-	-	-	-
San Agustin	2025	19,964	(10,192)	(1,019)	8,753	(265)	(890)	4,500
	2024	-	-	-	-	-	-	-
El Castillo	2025	2,922	(1,142)	(4)	1,776	-	-	1,865
	2024	-	-	-	-	-	-	-
Ana Paula	2025	-	-	(91)	-	(4,019)	(2,212)	(6,398)
	2024	-	-	(103)	-	(8,672)	(401)	(9,093)
Exploration	2025	-	-	(11)	-	(1,009)	(363)	(1,412)
	2024	-	-	(15)	-	(1,610)	(155)	(1,765)
Corporate	2025	-	-	-	-	-	(4,321)	21,535
	2024	-	-	-	-	-	(2,228)	(3,923)
Consolidated	2025	\$ 36,574	\$ (16,899)	\$ (1,198)	\$ 18,579	\$ (8,029)	\$ (8,991)	\$ 21,035
	2024	\$-	\$-	\$ (118)	\$ -	\$ (10,282)	\$ (2,784)	\$ (14,781)

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

As at March 31,		Total Assets	Total Liabilities	Capital Expenditures
La Colorada	2025	\$ 32,605	\$ (15,810)	\$ 151
	2024	-	-	-
San Agustin	2025	47,213	(21,799)	151
	2024	-	-	-
El Castillo	2025	481	(9,616)	-
	2024	-	-	-
Ana Paula	2025	11,689	(723)	75
	2024	12,574	(812)	-
Exploration	2025	11,650	(6,863)	125
	2024	7,931	(893)	-
Corporate	2025	13,588	(873)	-
	2024	427	(2,089)	-
Consolidated	2025	\$ 117,226	\$ (55,684)	\$ 502
	2024	\$ 20,932	\$ (3,794)	\$ -

Non-current assets, excluding deferred tax assets, in Canada were \$2 (2024 - \$14), the US \$3,281 (2024 - \$3,406) and Mexico \$51,800 (2024 - \$16,741).

The Company previously had one reporting segment, which has been allocated into the new segments for comparative purposes.

23. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at statutory rates to the amounts recognised in the consolidated statements of comprehensive income (loss) of the years ended March 31, 2025 and 2024:

	2025	2024
Net income (loss) before income taxes	\$ 27,483	\$ (14,781)
Expected income tax (recovery)	\$ 7,420	\$ (3,991)
Differences in tax rates, foreign exchange and other	1,148	(317)
Permanent differences	412	414
Bargain (gain) loss not impacting tax	(8,089)	-
Mexican mining duties	1,379	-
True-ups and changes in estimate	1,416	-
Inflationary effects	(1,162)	-
Change in unrecognized deductible temporary differences	3,924	12,748
Adjustment to prior year's provision vs. statutory tax returns and expiry of non-capital losses	-	(8,854)
Total income tax expense (recovery)	\$ 6,448	\$ -
Current income tax	\$ 4,416	\$ -
Deferred income tax	\$ 2,032	\$ -

HELIOSTAR METALS LTD.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Presented in thousands of US dollars, unless otherwise stated and except share and per share amounts)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets:		
Provision for obsolescence	\$ 647	\$ -
Asset retirement obligation	2,110	-
Mexican mining duties	222	-
Provisions and accruals	1,060	-
Total deferred tax assets	4,039	-
Deferred tax liabilities:		
Property, plant and equipment	774	-
Inventory	5,057	-
Other	73	-
Total deferred tax liabilities	5,904	-
Net deferred tax assets (liabilities)	\$ (1,865)	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Property, plant and equipment	\$ 89,063	No expiry date	\$ 88	No expiry date
Exploration and evaluation assets	14,278	No expiry date	30,044	No expiry date
Provision for obsolescence	1,230	No expiry date	-	-
Asset retirement obligation	17,818	No expiry date	20	No expiry date
Mexican mining duties	1,861	No expiry date	-	-
Investment tax credits	271	2027 to 2029	107	2027 to 2029
Share issue costs	1,678	2043 to 2047	1,089	2043 to 2047
Restricted interest and financing expenses	1,044	No expiry date	-	-
Allowable capital losses	45	No expiry date	182	No expiry date
Other	3,432	No expiry date	-	-
Non-capital losses available for future periods	123,079	2026 to 2044	59,148	2026 to 2044
Canada	19,943	2026 to 2045	13,244	2026 to 2045
USA	16,689	No expiry date	16,779	2030 to indefinite
Mexico	86,447	2026 to 2035	275	2026 to 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

24. COMMITMENTS AND CONTINGENCIES

The Company has various commitments with local communities in the normal course of business, ranging in amounts and duration. The current portion of these commitments is estimated to be \$1,437. The amount of commitments is uncertain due to the long-term nature of the agreements and no provision has been made in the consolidated financial statements.

25. SUBSEQUENT EVENTS

There have been no subsequent events other than those disclosed in Note 13.