



# **HELIOSTAR**

**HELIOSTAR METALS LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and nine months ended**

**December 31, 2024 and 2023**

**NOTICE TO READER**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements.

HELIOSTAR METALS LTD.  
Condensed Consolidated Interim Statements of Financial Position  
(Unaudited - Presented in Canadian Dollars)

|                                                            | Note | December 31, 2024 | March 31, 2024 |
|------------------------------------------------------------|------|-------------------|----------------|
| <b>Assets</b>                                              |      |                   |                |
| Current assets                                             |      |                   |                |
| Cash and cash equivalents                                  |      | \$ 7,727,945      | \$ 752,894     |
| Short-term investments                                     | 5    | 28,750            | 28,750         |
| Trade and other receivables                                | 6    | 13,395,973        | 87,714         |
| Inventories                                                | 7    | 32,300,763        | -              |
| Prepaid amounts and advances                               | 8    | 24,653,655        | 174,938        |
| Other current assets                                       |      | 1,926,254         | -              |
|                                                            |      | 80,033,340        | 1,044,296      |
| <b>Non-current</b>                                         |      |                   |                |
| Long-term prepaid amounts                                  | 8    | 21,597            | 51,982         |
| Exploration and evaluation assets                          | 10   | 33,463,685        | 26,051,045     |
| Mineral properties                                         | 9    | 35,097,665        | -              |
| Plant and equipment                                        | 9    | 26,077,730        | 1,215,972      |
|                                                            |      | 94,660,677        | 27,318,999     |
| Total assets                                               |      | \$ 174,694,017    | \$ 28,363,295  |
| <b>Liabilities</b>                                         |      |                   |                |
| <b>Current</b>                                             |      |                   |                |
| Accounts payable and accrued liabilities                   | 11   | \$ 15,301,207     | \$ 1,965,882   |
| Loan payable                                               | 12   | 4,371,694         | -              |
| Current portion of lease liabilities                       |      | 127,410           | -              |
| Current portion of reclamation and closure cost provisions | 14   | 8,222,194         | -              |
| Due to related parties                                     | 13   | 41,075            | 49,168         |
| Consideration payable                                      | 4(b) | -                 | 2,453,328      |
|                                                            |      | 27,561,081        | 4,468,378      |
| <b>Non-current</b>                                         |      |                   |                |
| Employee termination benefits                              |      | 3,213,817         | 182,997        |
| Lease liabilities                                          |      | 69,299            | -              |
| Reclamation and closure cost provisions                    | 14   | 29,435,900        | 489,782        |
| Other non-current liabilities                              |      | 1,271,694         | -              |
|                                                            |      | 33,990,710        | 672,779        |
| <b>Total Liabilities</b>                                   |      | 62,054,290        | 5,141,157      |
| <b>Shareholders' equity</b>                                |      |                   |                |
| Share capital                                              | 15   | 100,545,978       | 87,846,147     |
| Accumulated other comprehensive income                     |      | (889,397)         | 282,795        |
| Reserves                                                   | 15   | 13,273,483        | 11,531,492     |
| Deficit                                                    |      | (281,572)         | (76,438,296)   |
| Total Equity                                               |      | 112,639,727       | 23,222,138     |
| Total liabilities and shareholders' equity                 |      | \$ 174,694,017    | \$ 28,363,295  |

Nature of operations and continuance of operations (Note 1)  
Subsequent events (Note 23)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on February 27, 2025. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.

Condense Consolidated Interim Statements of Earnings (Loss) and Comprehensive Earnings (Loss)  
(Unaudited - Presented in Canadian Dollars)

|                                                                                 |      | Three months ended<br>December 31, |                       | Nine months ended<br>December 31, |                        |
|---------------------------------------------------------------------------------|------|------------------------------------|-----------------------|-----------------------------------|------------------------|
|                                                                                 | Note | 2024                               | 2023                  | 2024                              | 2023                   |
| Revenues                                                                        | 16   | \$ 19,555,806                      | \$ -                  | \$ 19,555,806                     | \$ -                   |
| Cost of sales                                                                   | 17   | 9,993,634                          | -                     | 9,993,634                         | -                      |
| <b>Mine operating earnings</b>                                                  |      | <b>\$ 9,562,172</b>                | <b>\$ -</b>           | <b>\$ 9,562,172</b>               | <b>\$ -</b>            |
| General and administrative expenses                                             | 19   | 3,147,847                          | 1,057,446             | 6,215,193                         | 2,872,779              |
| Exploration expenses                                                            | 20   | 3,282,892                          | 3,385,606             | 7,882,840                         | 10,620,915             |
| Share-based compensation                                                        | 13   | 555,351                            | 607,445               | 1,642,646                         | 1,572,780              |
| <b>Operating income (loss)</b>                                                  |      | <b>\$ 2,576,082</b>                | <b>\$ (5,050,497)</b> | <b>\$ (5,708,018)</b>             | <b>\$ (15,066,474)</b> |
| Net finance expenses                                                            | 18   | (941,206)                          | 1,025                 | (1,110,370)                       | 10,616                 |
| Foreign exchange (loss) or gain                                                 |      | (5,314,303)                        | 332,991               | (5,134,510)                       | 189,203                |
| Gain on extinguishment of transaction                                           | 4(b) | (1,624,131)                        | -                     | (1,624,131)                       | -                      |
| Other (expense) income                                                          |      | (213,806)                          | 123,658               | (226,260)                         | (31,507)               |
| Gain on bargain purchase                                                        | 4(a) | 90,453,747                         |                       | 90,453,747                        |                        |
| <b>Income (loss) before taxes</b>                                               |      | <b>\$ 84,936,383</b>               | <b>\$ (4,592,823)</b> | <b>\$ 76,650,458</b>              | <b>\$ (14,898,162)</b> |
| Current income tax expense                                                      |      | (493,734)                          | -                     | (493,734)                         | -                      |
| <b>Net income (loss) for the period</b>                                         |      | <b>\$ 84,442,649</b>               | <b>\$ (4,592,823)</b> | <b>\$ 76,156,724</b>              | <b>\$ (14,898,162)</b> |
| <b>Other comprehensive income</b>                                               |      |                                    |                       |                                   |                        |
| Foreign currency translation                                                    |      | (1,180,957)                        | -                     | (1,180,957)                       | -                      |
| <b>Total comprehensive income (loss) for the period</b>                         |      | <b>\$ 83,261,692</b>               | <b>\$ (4,592,823)</b> | <b>\$ 74,975,767</b>              | <b>\$ (14,898,162)</b> |
| <b>Basic and diluted income (loss) per share</b>                                |      | <b>0.41</b>                        | <b>(0.03)</b>         | <b>0.38</b>                       | <b>(0.09)</b>          |
| <b>Weighted average number of common shares outstanding (basic and diluted)</b> |      | <b>208,074,825</b>                 | <b>171,092,522</b>    | <b>199,290,269</b>                | <b>161,147,360</b>     |

HELIOSTAR METALS LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity  
(Unaudited - Presented in Canadian Dollars)

|                                          | Share Capital       |                       | Reserves             | Accumulated<br>Comprehensive<br>Loss | Deficit             | Total<br>Shareholders'<br>Equity |
|------------------------------------------|---------------------|-----------------------|----------------------|--------------------------------------|---------------------|----------------------------------|
|                                          | Number of<br>Shares | Amount                |                      |                                      |                     |                                  |
| <b>Balance, March 31, 2023</b>           | 147,773,612         | \$ 76,820,382         | \$ 9,136,749         | \$ 282,795                           | \$ (56,503,895)     | \$ 29,736,031                    |
| Private placement                        | 18,919,024          | 6,621,658             | 378,380              | -                                    | -                   | 7,000,038                        |
| Warrants exercised                       | 17,599,544          | 5,279,863             | -                    | -                                    | -                   | 5,279,863                        |
| Share issuance costs - cash              | -                   | (729,977)             | -                    | -                                    | -                   | (729,977)                        |
| Share issuance costs - warrants          | -                   | (17,328)              | 17,328               | -                                    | -                   | -                                |
| Share issuance costs - options           | -                   | (92,823)              | 92,823               | -                                    | -                   | -                                |
| Share-based compensation                 | -                   | -                     | 1,572,780            | -                                    | -                   | 1,572,780                        |
| Loss for the period                      | -                   | -                     | -                    | -                                    | (14,898,162)        | (14,898,162)                     |
| <b>Balance, December 31, 2023</b>        | 184,292,180         | \$ 87,881,775         | \$ 11,198,060        | \$ 282,795                           | \$ (71,402,057)     | \$ 27,960,573                    |
| <b>Balance, March 31, 2023</b>           | 184,292,180         | \$ 87,846,147         | \$ 11,531,492        | \$ 282,795                           | \$ (76,438,296)     | \$ 23,222,138                    |
| Private placement                        | 28,790,585          | 10,810,459            | 169,045              | -                                    | -                   | 10,979,504                       |
| Shares issued on note purchase agreement | 1,500,000           | 840,000               | -                    | -                                    | -                   | 840,000                          |
| Shares issued on vesting of share units  | 756,247             | 171,406               | (171,406)            | -                                    | -                   | -                                |
| Share issuance costs - cash              | -                   | (589,713)             | -                    | -                                    | -                   | (589,713)                        |
| Share issuance costs - warrants          | -                   | (101,705)             | 101,705              | -                                    | -                   | -                                |
| Warrants exercised                       | 5,038,604           | 1,514,385             | -                    | -                                    | -                   | 1,514,385                        |
| Options exercised                        | 183,332             | 55,000                | -                    | -                                    | -                   | 55,000                           |
| Share-based compensation                 | -                   | -                     | 1,642,647            | -                                    | -                   | 1,642,647                        |
| Income for the period                    | -                   | -                     | -                    | (1,180,957)                          | 76,156,724          | 74,975,767                       |
| <b>Balance, December 31, 2024</b>        | <b>220,560,948</b>  | <b>\$ 100,545,978</b> | <b>\$ 13,273,483</b> | <b>\$ (898,162)</b>                  | <b>\$ (281,572)</b> | <b>\$ 112,639,727</b>            |

HELIOSTAR METALS LTD.  
Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited - Presented in Canadian Dollars)

|                                                                  | Nine months ended<br>December, |                 |
|------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                  | 2024                           | 2023            |
| <b>Cash provided by (used in):</b>                               |                                |                 |
| <b>Operating activities</b>                                      |                                |                 |
| Net income (loss) for the period                                 | \$ 76,156,724                  | \$ (14,898,162) |
| Items not affecting cash:                                        |                                |                 |
| Accretion of provision for reclamation and closure               | 621,182                        | 16,725          |
| Depreciation                                                     | 99,211                         | 180,584         |
| Share-based payments                                             | 1,814,052                      | 1,572,780       |
| Fair value loss on marketable securities                         | -                              | 15,515          |
| Fees on note purchase agreement, paid with shares                | 840,000                        | -               |
| Unrealized foreign exchange                                      | 238,073                        | 6,546           |
| Interest accrued                                                 | 73,146                         | -               |
| Consideration payable revaluation                                | -                              | 15,992          |
| Gain on Extinguishment of transaction                            | 1,624,131                      | -               |
| Bargain purchase gain                                            | (90,453,747)                   | -               |
| <i>Net change in non-cash working capital</i>                    |                                |                 |
| Amounts receivable                                               | (1,018,823)                    | (9,065)         |
| Inventories                                                      | 411,904                        | -               |
| Prepaid amounts and advances                                     | 30,385                         | 1,111,653       |
| Accounts payable and accrued liabilities                         | 5,136,585                      | 350,682         |
| Due to related parties                                           | (8,093)                        | (195,635)       |
|                                                                  | \$ (4,929,004)                 | \$ (11,832,385) |
| <b>Investing activities</b>                                      |                                |                 |
| Acquisition of mineral properties and plant and equipment        | (2,422,252)                    | (282,859)       |
| Acquisition of exploration and evaluation assets                 | (340,980)                      | (51,769)        |
| Proceeds from sale of marketable securities                      | -                              | 14,485          |
|                                                                  | \$ (2,763,233)                 | \$ (320,143)    |
| <b>Financing activities</b>                                      |                                |                 |
| Proceeds from Ocean Partners USA loan                            | 2,354,680                      | -               |
| Repayment of Ocean Partners USA loan payable                     | (2,354,680)                    | -               |
| Proceeds from Deans Knight loan                                  | 6,927,000                      | -               |
| Repayment of Deans Knight loan payable                           | (2,866,525)                    | -               |
| Proceeds from warrants and stock options exercised               | 1,569,384                      | -               |
| Proceeds from share issuance, net of share issue costs           | 10,218,386                     | 11,549,924      |
|                                                                  | \$ 15,848,245                  | \$ 11,549,924   |
| Effect on cash and cash equivalents of foreign exchange          | (1,180,957)                    | -               |
| <b>Change in cash</b>                                            | 6,975,051                      | (602,604)       |
| <b>Cash, beginning of the period</b>                             | 752,894                        | 4,129,232       |
| <b>Cash, end of the period</b>                                   | \$ 7,727,945                   | \$ 3,526,628    |
| <b>Schedule of Non-cash Investing and Financing Transactions</b> |                                |                 |
| Residual value of warrants                                       | \$ 169,045                     | \$ 378,380      |
| Fair value of broker's warrants                                  | 101,705                        | 17,328          |
| Shares issued on vesting of share units                          | 171,406                        | -               |
| Fees from shares issued on note purchase agreement               | 840,000                        | -               |
| Change in estimated reclamation                                  | 3,168,882                      | 179,578         |

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

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#### 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.” The Company is also trading 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. Mexican assets (refer to Note 4) during the quarter, become 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*

In the financial statements for the period ended September 30, 2024, the Company disclosed material uncertainties that cast significant doubt on its ability to continue as a going concern, 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 4). As a result, from November 7, 2024, to December 31, 2024, the Company generated mine operating earnings of \$9,562,172 and reported a net income of \$76,650,458 for the nine months ended December 31, 2024. Additionally, as of December 31, 2024, the Company had an accumulated deficit of \$281,572, a significant improvement from prior periods, and its current assets exceeded its current liabilities by \$ 51,969,760, reflecting a strong liquidity position.

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 financial statements for the period ended December 31, 2024, have been prepared on a going concern basis, and no material uncertainty disclosure is required.

#### 2. BASIS OF PREPARATION

##### **Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and related IFRS Interpretations Committee (“IFRICs”), as issued by the International Accounting Standards Board (“IASB”). The 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 Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

#### Basis of consolidation

These 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<br>December 31,<br>2024 | Proportion of ownership interest<br>March 31, 2023 | 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     |
| 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     |

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2024.

#### 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. Management determined that the functional currency for Heliostar Metals USA Inc. and Heliostar Metals Alaska Inc., both engaged in mineral exploration in the United States, is the Canadian dollar (CAD). Similarly, Heliodor Metals Limited and Aurea Mining Inc., both holding companies incorporated in British Columbia, Canada, use the Canadian dollar as their functional currency.

In Mexico, Heliodor Metals Mexico S.A. de C.V., Minera Aurea S.A. de C.V., and Heliostar Mexico S.A. de C.V., all engaged in mineral exploration, also use the Canadian dollar as their functional currency. Additionally, newly incorporated entities Helio One Resources, Ltd, Helio Two Resources, Ltd, Helio Three Resources, Ltd, and Helio Four Resources, Ltd, all holding companies based in British Columbia, Canada, report in Canadian dollars.

For the Company's mining and service operations in Mexico, the functional currency is the U.S. dollar (USD). This applies to Mineral Real del Oro S.A. de C.V. and Compañía Minera Pitalla, S.A. de C.V., both mining companies, as well as Kings-San Anton S.A. de C.V., which is engaged in mineral exploration. Additionally, Minexon S.A. de C.V. and Mineral Sud California S.A. de C.V., which provide services, also use the U.S. dollar as their functional currency. Timmins GoldCorp Mexico S.A. de C.V., a dormant company, also reports in U.S. dollars. The presentation currency of all entities is the Canadian dollar.

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

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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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended March 31, 2024, except as described below:

#### 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

##### i) 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.

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

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#### ii) Mineral properties and mine development costs

The costs of acquiring, exploring 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 exploration or 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.

Proceeds from the sale of perpetual net smelter return ("NSR") royalties are bifurcated between the implied extraction obligation and the proceeds received representing an interest in the mineral property, which are recognized as a sale of an interest in a mineral property if transfer of control has occurred. Upon recognition of the sale, a gain or loss is recognized for the difference between consideration received and the net carrying value of the interest sold and the mineral property is reduced accordingly.

#### 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;
- Mineral properties and mine development costs - based on a unit-of-production basis over estimated proven and probable reserves;
- Assets under construction - not amortized; and
- Exploration and evaluation assets - 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.

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

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#### Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the consolidated statements of (loss) income over the lease period or capitalized as an asset under construction when they are considered applicable borrowing costs directly attributable to the construction of mineral properties, plant and equipment. The right-of-use asset is depreciated over the shorter of the asset's useful life or the life-of-mine ("LOM"), on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis as an expense in the consolidated statements of (loss) income or capitalized as an asset under construction when they are considered applicable borrowing costs directly attributable to the construction of mineral properties, plant and equipment.

## HELIOSTAR METALS LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

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Certain leases contain variable payment terms. Non-principal components of variable lease payments are recognized in the consolidated statements of (loss) income in the period in which the condition that triggers those payments occurs.

#### 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.

#### **Use of estimates and judgments**

The preparation of the interim 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. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the 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.

In preparing the interim financial statements for the three and nine months ended December 31, 2024, the Company applied the same critical estimates and judgements as disclosed in note 4 of its audited consolidated financial statements as at and for the year ended March 31, 2024, except as described below:

#### 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.

#### Fair value of assets and liabilities assumed in the acquisition of Florida Canyon Gold Inc.'s Mexican subsidiaries ("FCGI Transaction") (Note 4).

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.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

#### *New accounting standards issued but not yet effective*

At the date of authorization of these condensed consolidated interim financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

#### Lack of Exchangeability (Amendments to IAS 21)

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.

#### Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB released IFRS 18, Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1, Presentation of Financial Statements while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to: i) present specified categories and defined subtotals in the statement of earnings or loss, ii) provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements, iii) improve aggregation and disaggregation. Some of the requirements in IAS 1 are moved to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7, Financial Instruments: Disclosures. The IASB also made minor amendments to IAS 7, Statement of Cash Flows and IAS 33, Earnings per Share in connection with the new standard. IFRS 18 requires retrospective application with specific transition provisions. The Company is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently evaluating the impact of IFRS 18 on its financial statements.

## **4. ACQUISITIONS**

### **a) 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 the Florida Canyon Gold, Inc ("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 US\$5,000,000 (\$7,054,500).

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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 had insufficient time to complete the business combination accounting. As a result, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period.

### Preliminary Purchase Price Allocation

|                                                         | \$US              |
|---------------------------------------------------------|-------------------|
| Total value of equity                                   | (3,531,109)       |
| Cash and cash equivalents acquired                      | 4,313,000         |
| <b>Implied enterprise value</b>                         | <b>781,891</b>    |
| Assets:                                                 |                   |
| Current assets (excluding cash)                         | 50,153,000        |
| Current liabilities                                     | (15,226,000)      |
| Other non-current assets                                | 4,250,000         |
| Non-current liabilities                                 | (14,063,000)      |
| Machinery & Equipment - San Augustine                   | 11,615,175        |
| Machinery & Equipment - La Colorada                     | 5,924,026         |
| Mineral properties - Cerro Del Gallo Project            | 1,600,000         |
| Mineral properties - San Antonio Project                | 3,500,000         |
| Mineral properties - San Augustin Mine                  | 6,200,000         |
| Mineral properties - La Colorada Mine                   | 12,704,769        |
| <b>Net assets acquired</b>                              | <b>66,657,970</b> |
| Unallocated Cost of Acquisition (Bargain Purchase Gain) | 67,439,861        |
| <b>Total assets allocated</b>                           | <b>(781,891)</b>  |

### b) Acquisition of Aurea Mining

On March 28, 2023, the Company acquired 100% of the issued and outstanding shares of Aurea Mining Inc. ("Aurea Mining"), a wholly owned subsidiary of Argonaut Gold Inc., which subsequently spun out its Mexican assets to Florida Canyon Gold, Inc. ("Argonaut"). Aurea Mining's wholly owned subsidiary Minera Aurea, S.A. de C.V. ("Minera Aurea") holds a 100% indirect interest in the Ana Paula project ("Ana Paula").

For accounting purposes, the acquisition has been recorded as an asset acquisition as Aurea Mining did not meet the definition of a business, as defined in IFRS 3 Business Combinations.

Purchase consideration includes the following:

1. a US\$10 million (\$13,626,000) payment on closing (paid).
2. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as having an aggregate value of US\$5.0 million divided by the Heliostar share price of \$0.25;
3. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) July 1, 2024, a cash payment to Argonaut of US\$2.0 million.
4. On the date that the Company announces a construction decision for the Ana Paula project it will pay Argonaut a cash payment of US\$3.0 million and US\$2.0 million in cash or Heliostar Shares at a price equal to the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days immediately prior to the announcement of the construction decision; and

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5. If the Company doesn't announce mine construction at the Ana Paula Project by July 1, 2025, they must make annual payments of US\$300,000 to Argonaut. Alternatively, they can issue Heliostar Shares equal to US\$300,000 divided by VWAP of Heliostar Shares. However, if construction is delayed due to permit issues, no payments are required. Any payments made will be credited towards the US\$5.0 million payment required on the commencement of commercial production.
6. On the date that the Company commences commercial production at the Ana Paula project, it will pay Argonaut an additional US\$5.0 million in cash and US\$3.0 million in cash or Heliostar Shares at a price equal to the VWAP of the Heliostar Shares for the ten trading days immediately prior to the announcement of commercial production.

Net identifiable assets (liabilities) acquired in the acquisition of Ana Paula are identified as follows:

|                                                       |                      |
|-------------------------------------------------------|----------------------|
| <b>Total consideration</b>                            |                      |
| Cash payment                                          | \$ 13,626,000        |
| Transaction costs                                     | 452,699              |
| Consideration payable                                 | 2,308,246            |
|                                                       | <b>\$ 16,386,945</b> |
| <b>Net identifiable assets (liabilities) acquired</b> |                      |
| Cash and cash equivalents                             | \$ 18,016            |
| Prepaid expenses and deposits                         | 45,028               |
| Property, plant, and equipment                        | 1,259,766            |
| Exploration and evaluation assets                     | 15,489,131           |
| Accounts payable and accrued liabilities              | (68,381)             |
| Other long-term liabilities                           | (168,717)            |
| Asset retirement obligation                           | (187,898)            |
| <b>Total</b>                                          | <b>\$ 16,386,945</b> |

On September 1, 2023, the Company signed an agreement with Argonaut which amended certain provisions to the purchase consideration:

1. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as is equal to US\$5.0 million divided by the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days ending on the last trading day immediately prior to the date of award of the earlier of the permits referenced.
2. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) January 1, 2025, a cash payment to Argonaut of US\$2.0 million.

The consideration payable comprised of the US\$2.0 million payable due on the earlier of completion of a feasibility study and January 1, 2025, and as part of the FCGI transaction, Heliostar and FCGI entered into termination agreements for the Ana Paula acquisition agreement and San Antonio option agreement (Note 7 (b)). On November 7, 2024, the contingent consideration and the account receivable balance were extinguished, resulting in a gain on extinguishment of transaction of \$ 1,624,131.

**5. SHORT-TERM INVESTMENTS**

As at December 31, 2024, the Company pledged \$28,750 with Bank of Montreal (March 31, 2024 - \$28,750) as collateral for a corporate credit card.

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**6. TRADE AND OTHER RECEIVABLES**

|                      | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|----------------------|--------------------------|-----------------------|
| Trade receivables    | \$ 3,182,875             | \$ -                  |
| Sales tax receivable | 182,421                  | 87,714                |
| VAT Receivable       | 10,030,677               | -                     |
|                      | <b>\$ 13,395,973</b>     | <b>\$ 87,714</b>      |

**7. INVENTORIES**

|                 | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|-----------------|--------------------------|-----------------------|
| Finished goods  | \$ 1,561,496             | \$ -                  |
| Work-in-process | 17,261,568               | -                     |
| Supplies        | 13,477,699               | -                     |
|                 | <b>\$ 32,300,763</b>     | <b>\$ -</b>           |

**8. PREPAID AMOUNTS AND ADVANCES**

|                                    | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|------------------------------------|--------------------------|-----------------------|
| Prepaid amounts and advances       | \$ 1,773,297             | \$ 226,920            |
| Prepaid income tax                 | 22,901,955               | -                     |
|                                    | <b>\$ 24,675,252</b>     | <b>\$ 226,920</b>     |
| Current portion of prepaid amounts | 24,653,655               | 174,938               |
| Long-term prepaid amounts          | 21,597                   | 51,982                |

Prepaid amounts include advances made to contractors and expenses related to future periods which are expensed when they are incurred.

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**9. MINERAL PROPERTIES, PROPERTY, PLANT AND EQUIPMENT**

|                                    | Mineral properties   | Property, Plant & Equipment | Total               |
|------------------------------------|----------------------|-----------------------------|---------------------|
| <b>Cost</b>                        |                      |                             |                     |
| Balance - March 31, 2023           | \$ -                 | \$ 1,463,963                | \$1,463,963         |
| Additions                          | -                    | 48,467                      | 48,467              |
| Balance - March 31, 2024           | \$ -                 | \$ 1,512,430                | \$1,512,430         |
| Additions                          | 35,097,665           | 24,960,969                  | 60,058,634          |
| <b>Balance - December 31, 2024</b> | <b>\$ 35,097,665</b> | <b>\$ 26,473,399</b>        | <b>\$61,571,064</b> |
| <b>Accumulated depreciation</b>    |                      |                             |                     |
| Balance - March 31, 2023           | \$ -                 | \$ 136,901                  | \$136,901           |
| Depreciation                       | -                    | 159,557                     | 159,557             |
| Balance - March 31, 2024           | \$ -                 | \$ 296,458                  | \$296,458           |
| Depreciation                       | -                    | 99,211                      | 99,211              |
| <b>Balance - December 31, 2024</b> | <b>\$ -</b>          | <b>\$ 395,669</b>           | <b>\$395,669</b>    |
| <b>Carrying amounts</b>            |                      |                             |                     |
| As at March 31, 2024               | \$ -                 | \$ 1,215,972                | \$1,215,972         |
| <b>Balance - December 31, 2024</b> | <b>\$ 35,097,665</b> | <b>\$ 26,077,730</b>        | <b>\$61,175,395</b> |

**10. EXPLORATION AND EVALUATION ASSETS**

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

|                                       | USA                 | Mexico              |                       |                               |                       | Total                |
|---------------------------------------|---------------------|---------------------|-----------------------|-------------------------------|-----------------------|----------------------|
|                                       | Alaska<br>Unga      | Sonora<br>Heliodor  | Guerrero<br>Ana Paula | Guanajuato<br>Cerro del Gallo | La Paz<br>San Antonio |                      |
| <b>March 31, 2023</b>                 | \$ 4,568,405        | \$ 5,666,991        | \$ 15,489,131         | \$ -                          | \$ -                  | \$ 25,724,527        |
| Additions                             | -                   | -                   | 51,769                | -                             | -                     | 51,769               |
| Changes in closure<br>and reclamation | -                   | -                   | 274,749               | -                             | -                     | 274,749              |
| <b>March 31, 2024</b>                 | <b>\$ 4,568,405</b> | <b>\$ 5,666,991</b> | <b>\$ 15,815,649</b>  | <b>\$ -</b>                   | <b>\$ -</b>           | <b>\$ 26,051,045</b> |
| Additions                             | 116,423             | -                   | -                     | 2,443,116                     | 4,853,101             | 7,412,640            |
| <b>December 31, 2024</b>              | <b>\$ 4,684,828</b> | <b>\$ 5,666,991</b> | <b>\$ 15,815,649</b>  | <b>\$ 2,443,116</b>           | <b>\$ 4,853,101</b>   | <b>\$ 33,463,685</b> |

**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.

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

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

(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\$500,000, La Lola project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000, and Cumaro subject to a 2% net smelter royalty with the option to buy 1% for US\$1,000,000.

**c) Ana Paula, Guerrero, Mexico**

The Ana Paula Project is an advanced-stage, gold development project located in the state of Guerrero, Mexico ("Ana Paula Project") and is 100% owned by the Company (refer to Note 4(b))

**d) Cerro del Gallo, Guanajuato, Mexico**

The Cerro del Gallo Project is a gold-silver development project in the Guanajuato state of Mexico, acquired as part of the FCGI assets on November 7, 2024. The property comprises 11 titled concessions covering 9,804 ha, and surface rights to land totalling 445 ha. An environmental permit for the project is pending (refer to Note 4(a)).

**e) San Antonio, La Paz, Mexico**

The San Antonio Project is a gold development project in the state of Baja California Sur, Mexico. The property comprises 15 titled concessions covering 23,284 ha. (refer to Note 4(a)).

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**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                       | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|---------------------------------------|--------------------------|-----------------------|
| Accounts payable                      | \$ 12,653,093            | \$ 1,209,534          |
| Withholding tax and other tax payable | 1,575,359                | 24,510                |
| Other payables                        | 570,256                  | 731,838               |
|                                       | <b>\$ 14,798,708</b>     | <b>\$ 1,965,882</b>   |

**12. LOAN PAYABLE**

|                                   | <b>Ocean Partners</b> | <b>Deans Knight</b> | <b>Total</b>        |
|-----------------------------------|-----------------------|---------------------|---------------------|
| Balance, March 31, 2024           | \$ -                  | \$ -                | \$ -                |
| Additions                         | 2,225,445             | 6,927,000           | 9,152,445           |
| Interest expense                  | 34,355                | 73,146              | 107,500             |
| Payment                           | (2,354,680)           | (2,866,525)         | (5,221,205)         |
| Foreign exchange loss             | 94,880                | 238,073             | 332,953             |
| <b>Balance, December 31, 2024</b> | <b>\$ -</b>           | <b>\$ 4,371,694</b> | <b>\$ 4,371,694</b> |

On August 22, 2024, the Company entered into metals a 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 \$2,225,445 (US\$1,667,000), and repaid the loan from Ocean Partners in full on October 30, 2024, totaling \$2,354,680 (US\$1,667,000) along with \$34,355 (US\$25,067) in accrued interest.

On November 6, 2024, the Company borrowed US\$5 million 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.

On December 16, 2024, the Company made a repayment of US\$2,000,000 and US\$13,151 in accrued interest on the loan from Deans Knight.

Subsequent to December 31, 2024, on February 13, 2025, the Company made a repayment of US\$3,000,000 and US\$50,959 in accrued interest on the loan from Deans Knight, fully repaying the loan.

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### 13. 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 period ended December 31, 2024, was \$1,608,934 (December 31, 2023 - \$1,314,692) and comprised of the following:

|                              | Three months ended   |                      | Nine months ended    |                      |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
|                              | December 31,<br>2024 | December 31,<br>2023 | December 31,<br>2024 | December 31,<br>2023 |
| Senior executive fees        | \$235,417            | \$104,250            | \$558,917            | \$312,750            |
| Non-executive directors fees | 20,694               | 14,750               | 59,694               | 44,250               |
| Share-based compensation     | 317,534              | 452,248              | 990,323              | 957,692              |
|                              | <b>\$573,646</b>     | <b>\$571,248</b>     | <b>\$1,608,934</b>   | <b>\$1,314,692</b>   |

Other balances due to related parties include the following:

- (a) Due to related parties

As of December 31, 2024, \$41,075 (March 31, 2024 - \$49,168) was payable to the management of the Company as part of their management fees.

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.

### 14. 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.

|                                              | Ana Paula         | El Castillo         | San Agustin         | La Colorada        | Total               |
|----------------------------------------------|-------------------|---------------------|---------------------|--------------------|---------------------|
| <b>Balance at March 31, 2023</b>             | \$ 187,898        | \$ -                | \$ -                | \$ -               | \$ 187,898          |
| Change in estimate                           | 274,749           | -                   | -                   | -                  | 274,749             |
| Accretion expense                            | 27,135            | -                   | -                   | -                  | 27,135              |
| <b>Balance at March 31, 2024</b>             | <b>\$ 489,782</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>        | <b>\$ 489,782</b>   |
| Addition - FCGI Transaction                  | \$ -              | \$ 5,654,967        | \$11,616,340        | \$ 7,105,352       | \$ 24,376,658       |
| Change in estimate                           | -                 | 5,828,043           | 1,275,130           | (2,543,469)        | 4,559,704           |
| Reclamation expenditures (payments)          | -                 | (1,562,320)         | -                   | -                  | (1,562,320)         |
| Accretion                                    | 33,060            | 271,100             | 196,725             | 120,296            | 621,181             |
| Foreign currency adjustment                  | -                 | 3,187,380           | 3,713,626           | 2,272,082          | 9,173,088           |
| <b>Balance at December 31, 2024</b>          | <b>\$ 522,842</b> | <b>\$13,349,170</b> | <b>\$16,801,821</b> | <b>\$6,954,261</b> | <b>\$37,658,094</b> |
| Current portion of reclamation provision     | -                 | 8,222,194           | -                   | -                  | 8,222,194           |
| Non-current portion of reclamation provision | 522,842           | 5,126,976           | 16,801,821          | 6,954,261          | 29,435,900          |

## 15. SHARE CAPITAL

### **a) Authorized:**

At December 31, 2024 and 2023, 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 period ended December 31, 2024:**

On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$4,479,715 in gross proceeds. On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$499,790 in gross proceeds.

The Company paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$200,000. In addition, the Company issued the finders 554,718 non-transferable finder's warrants. Each Finder's Warrant entitles the holder to purchase one share at a price of \$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 \$0.60 per Unit for gross proceeds of \$6,000,000.

For the period ended December 2024, the Company issued 5,221,936 common shares upon the exercise of warrants, for gross proceeds of \$1,569,384.

Subsequent to December 31, 2024, the Company issued 2,956,440 common shares upon the exercise of warrants and compensation stock options, for gross proceeds of \$1,055,897.

The Company incurred \$589,713 in cash share issue costs.

#### **For the year ended March 31, 2024:**

On July 11, 2023, the Company completed a private placement, offering of 18,919,024 units at \$0.37 per unit for approximately \$7,000,038 in gross proceeds. Out of the gross proceeds of the private placement, \$378,380 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 \$0.50 for the first six months until January 11, 2024, and then at \$0.70 for the remaining 12 months.

The Company issued 599,412 non-transferable compensation options to the agents. The Company recognized \$92,824 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 \$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.

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Notes to the Condensed Consolidated Interim Financial Statements

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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 \$0.37 for a period of 18 months. The finders' warrants have a fair value of \$17,328 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 \$5,279,863. The Company incurred \$765,604 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.

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Stock option transactions and the number of stock options for the period ended December 31, 2024, and March 31, 2024 is summarized as follows:

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>45,382</b> | <b>Granted</b> | <b>Exercised</b> | <b>Expired / Cancelled</b> | <b>December 31, 2024</b> |
|---------------------------------|-----------------------|---------------|----------------|------------------|----------------------------|--------------------------|
| 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     | -              | (183,332)        | -                          | 8,467,918                |
| January 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                  |
| September 17, 2029              | \$ 0.42               | -             | 4,660,000      | -                | -                          | 4,660,000                |
| December 5, 2029                | \$ 0.70               | -             | 200,000        | -                | -                          | 200,000                  |
| Options outstanding             |                       | 14,170,662    | 4,860,000      | (183,332)        | (454,667)                  | 18,392,663               |
| Options exercisable             |                       | 10,153,579    |                |                  |                            | 11,130,024               |
| Weighted average exercise price |                       | \$0.51        | \$0.43         | \$0.30           | \$0.75                     | \$0.49                   |

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>March 31, 2023</b> | <b>Granted</b> | <b>Exercised</b> | <b>Expired / Cancelled</b> | <b>March 31, 2024</b> |
|---------------------------------|-----------------------|-----------------------|----------------|------------------|----------------------------|-----------------------|
| 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             |
| January 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 |                       | \$0.55                | \$0.33         | -                | \$0.75                     | \$0.51                |

As of December 31, 2024, the weighted average contractual remaining life is 3.29 years (March 31, 2024 – 3.44 years). The weighted average exercise price for options exercisable as at December 31, 2024, is \$0.56 (March 31, 2024 – \$0.59).

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As at December 31, 2024, the Company recognized \$1,642,647 (December 31, 2023 - \$1,572,780) 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:

|                                 | <b>December 31, 2024</b> | <b>March 31, 2023</b> |
|---------------------------------|--------------------------|-----------------------|
| Expected dividend yield         | Nil                      | Nil                   |
| Expected stock price volatility | 170.16%                  | 160.38%               |
| Fair value of stock price       | \$0.37                   | \$0.35                |
| Risk-free interest rate         | 2.86%                    | 2.91%                 |
| Fair value                      | \$0.33                   | \$0.31                |
| Forfeiture rate                 | Nil                      | Nil                   |
| Expected life of options        | 4.25 years               | 3.77 years            |

**d) Warrants**

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

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>March 31, 2024</b> | <b>Issued</b> | <b>Exercised</b> | <b>Expired</b> | <b>December 31, 2024</b> |
|---------------------------------|-----------------------|-----------------------|---------------|------------------|----------------|--------------------------|
| 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             | -             | (11,522)         | -              | 2,509,939                |
| March 16, 2026                  | \$ 0.30               | 28,764,092            | -             | (4,999,052)      | -              | 23,765,040               |
| 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             | -             | (28,030)         | -              | 5,838,474                |
| June 21, 2025                   | \$ 0.27               | -                     | 554,718       | -                | -              | 554,718                  |
| October 15, 2026                | \$ 0.90               | -                     | 5,000,000     | -                | -              | 5,000,000                |
| Outstanding                     |                       | 52,762,863            | 5,554,718     | (5,038,604)      | (6,039,400)    | 47,239,577               |
| Weighted average exercise price | \$                    | 0.43                  | \$ 0.84       | \$ 0.30          | \$0.75         | \$0.46                   |

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>March 31, 2023</b> | <b>Issued</b> | <b>Exercised</b> | <b>Expired</b> | <b>March 31, 2024</b> |
|---------------------------------|-----------------------|-----------------------|---------------|------------------|----------------|-----------------------|
| 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 |                       | \$0.36                | \$0.58        | \$0.30           | \$1.20         | \$0.43                |

\* On February 2, 2023, 12,020,000 and 58,800 warrants from August 2, 2022, convert to half-warrants. Two half-warrants can buy one Common Share at \$0.75 per share. The warrants expired 18 months from issuance date (August 2, 2022).

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The weighted average remaining life of the outstanding warrants as at December 31, 2024, is 0.99 years (March 31, 2024 – 1.53 years).

The fair value of the finder's warrants issued during the period ended December 31, 2024, was \$101,705 (2024: \$17,328).

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

|                                 | December 31, 2024 | March 31, 2024 |
|---------------------------------|-------------------|----------------|
| Risk-free interest rate         | 4.46%             | 4.46%          |
| Expected stock price volatility | 200.94%           | 95.05%         |
| Expected warrant life in years  | 1 year            | 1.03 years     |
| Fair value                      | \$0.18            | \$0.15         |
| Expected dividend yield         | Nil               | Nil            |
| Share price on grant date       | \$0.265           | \$0.35         |

### e) *Restricted shares units (RSU)*

|                                       | Number of RSUs   |
|---------------------------------------|------------------|
| Outstanding, March 31, 2023           | 2,218,750        |
| Granted                               | 550,000          |
| Vested                                | (739,581)        |
| Outstanding, March 31, 2024           | 2,029,169        |
| Granted                               | 1,230,000        |
| Vested                                | -                |
| <b>Outstanding, December 31, 2024</b> | <b>3,259,169</b> |

On December 5, 2024, 166,666 RSUs vested with a fair value on the grant date of \$0.32 per RSU. The share issuance has not been completed as of the date of publication of these financial statements. On December 11, 2024, 16,666 RSUs vested with a fair value on the grant date of \$0.30 per RSU (RSUs vested as at March 31, 2023 - 739,581).

The total grant date fair value of the vested RSUs at December 31, 2024 was \$58,333 (\$53,333 will be realized as the RSUs vest).

For the period ended September 30, 2024, the Company has recognised a fair value of \$151,986 (March 31, 2023: \$424,624) for the RSUs.

## 16. REVENUES

|               | Three months ended<br>December 31<br>2024 | Three months ended<br>December 31<br>2023 | Nine months ended<br>December 31<br>2024 | Nine months ended<br>December 31<br>2023 |
|---------------|-------------------------------------------|-------------------------------------------|------------------------------------------|------------------------------------------|
| Gold Dore     | \$ 17,174,540                             | -                                         | \$ 17,174,540                            | -                                        |
| Silver Dore   | 390,279                                   | -                                         | 390,279                                  | -                                        |
| Gold Carbon   | 1,896,032                                 | -                                         | 1,896,032                                | -                                        |
| Silver Carbon | 94,956                                    | -                                         | 94,956                                   | -                                        |
|               | <b>\$ 19,555,806</b>                      | <b>-</b>                                  | <b>\$ 19,555,806</b>                     | <b>-</b>                                 |

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**17. COST OF SALES**

|                                            | Three months ended  |              | Nine months ended   |              |
|--------------------------------------------|---------------------|--------------|---------------------|--------------|
|                                            | December 31,        | December 31, | December 31,        | December 31, |
|                                            | 2024                | 2023         | 2024                | 2023         |
| Crushing                                   | \$ 761,685          | \$ -         | \$ 761,685          | \$ -         |
| Processing                                 | 3,736,905           | -            | 3,736,905           | -            |
| Mine general and administrative and duties | 2,313,058           | -            | 2,313,058           | -            |
| Refining and desorption                    | 1,675,077           | -            | 1,675,077           | -            |
| Change in inventories                      | 1,166,327           | -            | 1,166,327           | -            |
| Inventory write off                        | 287,844             | -            | 287,844             | -            |
| Depreciation                               | 52,738              | -            | 52,738              | -            |
|                                            | <b>\$ 9,993,634</b> | <b>\$ -</b>  | <b>\$ 9,993,634</b> | <b>\$ -</b>  |

**18. NET FINANCE EXPENSES**

|                                                    | Three months ended  |                 | Nine months ended     |                  |
|----------------------------------------------------|---------------------|-----------------|-----------------------|------------------|
|                                                    | December 31,        | December 31,    | December 31,          | December 31,     |
|                                                    | 2024                | 2023            | 2024                  | 2023             |
| Accretion of consideration payable                 | \$ 152,170          | \$ -            | \$ -                  | \$ -             |
| Accretion of provision for reclamation and closure | (599,142)           | (8,269)         | (621,182)             | (16,725)         |
| Interest income                                    | (62,535)            | 9,294           | (57,489)              | 27,341           |
| Accretion on other long-term liabilities           | (431,699)           | -               | (431,699)             | -                |
|                                                    | <b>\$ (941,206)</b> | <b>\$ 1,025</b> | <b>\$ (1,110,370)</b> | <b>\$ 10,616</b> |

**19. GENERAL AND ADMINISTRATIVE EXPENSES**

|                                  | Three months ended  |                     | Nine months ended   |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                  | December 31,        | December 31,        | December 31,        | December 31,        |
|                                  | 2024                | 2023                | 2024                | 2023                |
| Regional office salaries         | \$ 793,789          | \$ -                | \$ 793,789          | \$ -                |
| Depreciation                     | 33,070              | 102,624             | 99,211              | 180,584             |
| Directors' fees                  | 20,694              | 14,750              | 59,694              | 44,250              |
| Insurance                        | 40,037              | 16,111              | 80,016              | 46,499              |
| Investor relations and marketing | 128,523             | 249,930             | 1,151,974           | 1,194,090           |
| Management fees                  | 152,916             | 104,247             | 361,416             | 312,747             |
| Office operations                | 863,429             | 362,768             | 1,321,135           | 639,180             |
| Professional fees                | 1,530,856           | 163,899             | 2,244,622           | 331,616             |
| Regulatory fees                  | 12,443              | 17,127              | 40,349              | 65,392              |
| Transfer agent                   | 22,356              | 5,751               | 29,237              | 15,146              |
| Travel and promotion             | 20,222              | 20,239              | 33,749              | 43,275              |
|                                  | <b>\$ 3,618,336</b> | <b>\$ 1,057,446</b> | <b>\$ 6,215,193</b> | <b>\$ 2,872,779</b> |

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## 20. EXPLORATION EXPENSES

|                     | Three months ended   |                      | Nine months ended    |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
|                     | December 31,<br>2024 | December 31,<br>2023 | December 31,<br>2024 | December 31,<br>2023 |
| Unga project        | \$ 40,933            | \$ 41,728            | \$ 136,802           | \$ 146,937           |
| Heliodor project    | 26,584               | 26,091               | 62,397               | 54,068               |
| Ana Paula project   | 1,798,246            | 1,125,639            | 5,940,325            | 9,294,271            |
| San Antonio project | 737,935              | 2,192,148            | 1,064,123            | 1,125,639            |
| La Colorada         | 114,164              | -                    | 114,164              | -                    |
| San Agustin         | 94,541               | -                    | 94,541               | -                    |
|                     | <b>\$ 2,812,403</b>  | <b>\$ 3,385,606</b>  | <b>\$ 7,412,351</b>  | <b>\$ 10,620,915</b> |

## 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short-term investments which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. 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.

The Company's marketable securities and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

### Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The valuation of these liabilities requires the use of significant estimates (Note 3, Critical accounting estimates). Insofar as the amount of the obligation can be measured with sufficient reliability, the net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period recognized. The net present value of the rehabilitation obligation is calculated using a pre-tax discount rate that reflects the time value of money. Environmental monitoring and basic site maintenance costs are treated as period costs and are expensed in the period incurred.

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The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, infrastructure or technology, discount rates and estimates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as accretion expense.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

c) 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.

i. 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.

ii. Currency risk

The Company's main property interests in Alaska, USA, and in Sonora, Durnago, 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 \$4,153,416 denominated in US dollars and \$50,632,719 denominated in Mexican pesos. A 10% change in the absolute rate of exchange in the foreign currencies would have an effect of \$5,018,316 to the net income.

iii. 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. Fluctuations in pricing may not be significant.

d) 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. 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.

# HELIOSTAR METALS LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended December 31, 2024, and 2023

(Unaudited - Presented in Canadian Dollars)

### e) 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 December 31, 2024, the Company had a cash balance of \$7,727,945 (March 31, 2024: \$752,894) and accounts payable and accrued liabilities of \$27,683,523 (March 31, 2024: \$4,468,378) with contractual maturities of less than one year.

## 22. SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada, Mexico and the US as follows:

| <i><b>Rounded to 000's</b></i> | <b>Canada</b>      | <b>United States</b> | <b>Mexico</b>       | <b>Total</b>        |
|--------------------------------|--------------------|----------------------|---------------------|---------------------|
| <b>December 31, 2024</b>       |                    |                      |                     |                     |
| <i>Current assets</i>          | 955,000            | 53,000               | 79,026,000          | 80,034,000          |
| <i>Non-current assets</i>      | 5,000              | 4,721,000            | 89,934,000          | 94,660,000          |
| <b>Total assets</b>            | <b>960,000</b>     | <b>4,774,000</b>     | <b>168,960,000</b>  | <b>174,694,000</b>  |
| <br><i>Current liabilities</i> | <br>(5,931,000)    | <br>(100,000)        | <br>(21,652,000)    | <br>(27,683,000)    |
| <i>Non-current liabilities</i> | -                  | -                    | (33,868,000)        | (33,868,000)        |
| <b>Total liabilities</b>       | <b>(5,931,000)</b> | <b>(100,000)</b>     | <b>(55,520,000)</b> | <b>(61,551,000)</b> |
| <br><b>March 31, 2023</b>      |                    |                      |                     |                     |
| <i>Current assets</i>          | 559,000            | 81,000               | 404,000             | 1,044,000           |
| <i>Non-current assets</i>      | 19,000             | 4,616,000            | 22,685,000          | 27,320,000          |
| <b>Total assets</b>            | <b>578,000</b>     | <b>4,697,000</b>     | <b>23,089,000</b>   | <b>28,364,000</b>   |
| <br><i>Current liabilities</i> | <br>(378,000)      | <br>(81,000)         | <br>(1,557,000)     | <br>(2,016,000)     |
| <i>Non-current liabilities</i> | (2,453,000)        | -                    | (673,000)           | (3,126,000)         |
| <b>Total liabilities</b>       | <b>(2,831,000)</b> | <b>(81,000)</b>      | <b>(2,230,000)</b>  | <b>(5,142,000)</b>  |

## 23. SUBSEQUENT EVENTS

There were no subsequent events other than those disclosed in Notes 12 and 15(b).