CONIAGAS BATTERY METALS INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

SHIM

SHIM & Associates LLP
Chartered Professional Accountants
Suite 900 – 777 Hornby Street
Vancouver, B.C. V6Z 1S4
T: 604 559 3511 | **F:** 604 559 3501

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Coniagas Battery Metals Inc.

Opinion

We have audited the accompanying financial statements of Coniagas Battery Metals Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 14, 2025

Coniagas Battery Metals Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Current assets		
Cash	**$ 9,626**	$ -
Amounts receivable (note 5)	**12,000**	-
Prepaid expenses (note 8)	**327,188**	-
Due from related parties (note 8)	**260,962**	-
Total assets	**$ 609,776**	$ -
LIABILITIES AND EQUITY (DEFICIENCY)		
Current liabilities		
Trade payables and accrued liabilities	**$ 285,686**	$ 555,005
Total liabilities	**285,686**	555,005
Shareholders' equity (deficiency)		
Share capital (note 5)	**8,233,849**	-
Warrants	**1,826,349**	-
Owner's investment	**-**	7,068,838
Deficit	**(9,736,108)**	(7,623,843)
Total equity (deficiency)	**324,090**	(555,005)
Total liabilities and equity (deficiency)	**$ 609,776**	$ -

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

Nature of business and going concern (note 1)
Commitments and contingencies (note 13)
Subsequent events (note 14)

Approved on behalf of the Board:

(Signed) "Frank Basa" Director

(Signed) "Aurelian Basa" Director

Coniagas Battery Metals Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Expenses		
Admin and general expenses	**$ 10,955**	$ 2,047
Consulting fees (note 8)	**110,774**	54,044
Exploration and evaluation expenditures (notes 7 and 8)	**17,522**	166,516
Filing costs	**45,730**	14,571
Marketing and communications	**284,147**	6,367
Professional fees	**188,373**	178,207
Salaries and wages	**787**	12,068
Travel, lodging and food	**27,709**	6,650
Loss before other item	**(685,997)**	(440,470)
Other item		
Listing expense (note 4)	**(1,426,268)**	-
Net loss and comprehensive loss for the year	**$ (2,112,265)**	$ (440,470)
Loss per share		
- basic and diluted (note 9)	**$ (0.08)**	N/A
Weighted average number of common shares outstanding		
- basic and diluted (note 9)	**27,401,060**	N/A

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

Coniagas Battery Metals Inc.

Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share capital					
	Number of shares	**Amount**	**Warrants**	**Owner's investment**	**Deficit**	**Total**
Balance, December 31, 2022	**-**	**$ -**	**$ -**	**$ 6,730,668**	**$ (7,183,373)**	**$ (452,705)**
Contributions	-	-	-	338,170	-	338,170
Net loss and comprehensive loss for the year	-	-	-	-	(440,470)	(440,470)
Balance, December 31, 2023	**-**	**$ -**	**$ -**	**$ 7,068,838**	**$ (7,623,843)**	**$ (555,005)**
Contributions	-	-	-	16,968	-	16,968
Recognition of the Arrangement	24,000,000	6,395,394	1,254,074	(7,085,806)	-	563,662
Considerations issued in the Arrangement	5,898,010	1,592,463	338,516	-	-	1,930,979
Units issued for cash	4,411,433	348,626	226,505	-	-	575,131
Share issuance cost	85,683	(102,638)	7,255	-	-	(95,383)
Warrants exercised	7	4	(1)	-	-	3
Net loss and comprehensive loss for the year	-	-	-	-	(2,112,265)	(2,112,265)
Balance, December 31, 2024	**34,395,133**	**$ 8,233,849**	**$ 1,826,349**	**$ -**	**$ (9,736,108)**	**$ 324,090**

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

Coniagas Battery Metals Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating activities		
Net loss for the year	**$ (2,112,265)**	$ (440,470)
Adjustment for non-cash item:		
Listing expense	**1,426,268**	-
Changes in non-cash working capital items:		
Amounts receivable	**(12,000)**	-
Prepaid expenses	**(3,584)**	150,000
Trade payables and accrued liabilities	**104,980**	(47,700)
Net cash used in operating activities	**(596,601)**	(338,170)
Investing activities		
Cash received from the Arrangement	**370,470**	-
Net cash provided by investing activities	**370,470**	-
Financing activities		
Contributions from Nord through the Arrangement Date	**16,968**	338,170
Advances to related parties	**(260,962)**	-
Proceeds from units issued for cash	**575,131**	-
Share issuance costs	**(95,383)**	-
Warrants exercised	**3**	-
Net cash provided by financing activities	**235,757**	338,170
Net change in cash	**9,626**	-
Cash, beginning of year	**-**	-
Cash, end of year	**$ 9,626**	$ -
Supplemental cash flow information:		
Shares issued for the Arrangement	**7,987,857**	-
Warrants issued for the Arrangement	**1,592,590**	-
Finders' warrants	**7,255**	-

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

1. Nature of business and going concern

Coniagas Battery Metals Inc. ("Coniagas" or the "Company") was incorporated under the provisions of *Canada Business Corporations Act* on November 11, 2021 in order to complete the Arrangement (as defined below).

On March 18, 2024, the Company's common shares began trading on the TSX Venture Exchange under the symbol "COS".

The Company's registered and head office is located at 550 Burrard Street, Suite 2900, Vancouver, British Columbia V6C 0A3.

Arrangement

On February 26, 2024 (the "Arrangement Date"), the Company and the carve-out entity of Graal Property (the "Carve-out Entity") finalized a reverse takeover transaction whereby Nord Precious Metals Mining Inc. (“Nord”), the former owners of the Carve-out Entity, received 24,000,000 common shares and 12,000,000 warrants of the Company for their 100% interest in the Carve-out Entity (the "Arrangement"). The Carve-out Entity represents the operational efforts towards the Graal Property in accordance with existing option agreements (see note 7). The 24,000,000 common shares received by Nord comprised 80% of the issued and outstanding common shares of the Company on the date of Arrangement, and the management of the Carve-out Entity continued as management of the Company. Pursuant to the Arrangement, the Company became the owner of the Carve-out Entity, but the change in control of the Company by Nord (and related reverse takeover accounting guidance under IFRS - see note 4) resulted in the Carve-out Entity continuing as the ongoing reporting entity (combining the Company's results into the Carve-out Entity from the Arrangement Date), with comparative financial information only of the Carve-out Entity. The equity component of the Carve-out Entity includes advances from the parent and net losses incurred and is referred to as "owner's investment". On recognition of the Arrangement, the owner's investment was allocated to share capital and warrants, as applicable (note 4).

Going concern

As at December 31, 2024, the Company had current assets $609,776 (December 31, 2023 - $nil) to fund current liabilities of $285,686 (December 31, 2023 - $555,005). Further, as at December 31, 2024, the Company had an accumulated deficit of $9,736,108 (December 31, 2023 - $7,623,843) and working capital of $324,090 (December 31, 2023 - working capital deficit of $555,005).

The Company's ability to continue operations is highly dependent on management's ability to secure additional financing. Management acknowledges that while it has been successful in raising capital, there can be no assurance it will be able to do so in the future. As a result, there is material uncertainty that results in significant doubt about the Company´s ability to continue as a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of presentation and statement of compliance

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

2. Basis of presentation and statement of compliance (continued)

Basis of presentation and functional currency

These financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. The financial statements have been presented on an accrual basis except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

The financial information presented, up to the Arrangement Date, reflect the assets, liabilities, and expenses of the operations of the Carve-out Entity. The basis for allocation is as follows:

- All assets and liabilities directly related to the Carve-out Entity have been attributed to the Carve-out Entity. These do not include assets and liabilities that are not specifically identifiable with the Carve-out Entity.
- Expenses directly related to the Carve-out Entity have been entirely attributed to the Carve-out Entity.
- The Carve-out Entity received services and support functions from Nord, and the operations of the Carve-out Entity were dependent upon Nord's ability to perform these services and support functions. These services and support functions costs are used by the Carve-out Entity and are paid by Nord and have been allocated to the Carve-out Entity based on the proportionate exploration expenses attributed to the Carve-out Entity compared to the total exploration expenses of Nord.

Expenses that have been allocated to the Carve-out Entity have been recorded as contributions from Nord within owner's investment. Owner's investment represents the cumulative owner's investment in the Carve-out Entity through the dates presented and includes cumulative operating results.

Management believes the assumptions and allocations underlying the carve-out financial information are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by the Management to be a reasonable reflection of the utilization of services provided to or the benefit received by the Carve-out Entity during the periods presented. However, these assumptions and allocations are not necessarily indicative of the costs the Carve-out Entity would have incurred if it had operated on a stand-alone basis or as an entity independently.

Material accounting judgments and critical accounting estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods when the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

2. Basis of presentation and statement of compliance (continued)

Material accounting judgments and critical accounting estimates (continued)

Share-based payments and warrants
Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Assumptions and judgments for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield and expected risk-free rate of return. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.

The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on induvial facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Functional currency
Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of underlying transactions, events and conditions.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Allocation of overhead expenses
Refer to basis of presentation mentioned above.

2. Basis of presentation and statement of compliance (continued)

Material accounting judgments and critical accounting estimates (continued)

Provisions and Contingencies
Provisions and contingencies arising in the course of operations, including provision for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to the provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments when the amounts are determined or additional information is acquired.

See also Going concern (note 1) and Commitments and contingencies (note 13).

Accounting for the acquisitions
The Company applies significant judgment to conclude whether an acquired set of activities and assets is a business. The acquisition of a business is accounted for as a business combination, under IFRS 3. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition. The Company also applied judgment in identifying the assets acquired and evaluating which IFRS standard the asset should be measured into.

3. Material accounting policy information

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and restricted cash are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company does not measure any financial instruments at FVPL.

3. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

There are currently no financial assets subject to impairment. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of accounts receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The Company's accounts payable and accrued liabilities and share subscription liability are measured at amortized cost.

3. Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Fair value hierarchy

The Company classifies its financial instruments measured at fair value according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly;
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Mineral exploration properties and exploration expenditures

The Company expenses all acquisition, exploration and evaluation costs relating to mineral properties, in the period in which they are incurred.

Income taxes

Income taxes on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous reporting periods.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

3. Material accounting policy information (continued)

Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares or units whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares or units are allocated between:

- Share capital - based on either (i) the quoted market price of the Company's common shares on the date of issuance, or (ii) the value of the units sold concurrently, if the flow-through offering includes multiple components, with the residual value allocated appropriately among the components; and
- Flow-through share liability - represents the excess of proceeds received over the fair value of the shares or units issued.

The flow-through share liability is recognized as a liability at the time of issuance. The liability is reduced and the reduction of flow-through share liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities and the expenditures are incurred.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During the year ended December 31, 2024, all warrants are anti-dilutive and have been excluded from the calculation of diluted loss per share.

Warrants

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the value of warrants is reclassified to contributed surplus.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment at the end of each reporting period and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss in the statement of operations. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

3. Material accounting policy information (continued)

Asset retirement obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises.

Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting and for changes to the current market based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2024 and 2023, the Company has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

Recent accounting pronouncements

During the year ended December 31, 2024, the Company adopted a number of amendments and improvements of existing standards. These included IFRS 10 and IAS 28. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently evaluating the impact of these new pronouncements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include the environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified as FVOCI.

The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

(Expressed in Canadian Dollars)

4. Reverse takeover

On the Arrangement Date, Coniagas was not considered a business under IFRS 3, as it did not have inputs and substantive processes that could collectively contribute to the creation of outputs. As a result, the Arrangement was considered to be within the scope of IFRS 2 – Share-Based Payments and for accounting purposes (considering the change of control, see note 1), the Arrangement was accounted for as a reverse takeover transaction ("RTO"), with the Carve-out Entity identified as the accounting acquirer, and Coniagas identified as the accounting acquiree. These financial statements are issued under the legal parent, Coniagas, but are considered to be a continuation of the financial results of the Carve-out Entity.

At the Arrangement Date, the RTO was recorded as follows:

Fair value of considerations issued		
5,898,010 common shares (valued at $0.27 per share)	$	1,592,463
2,898,000 warrants (see note 6(i))		338,516
	$	1,930,979
Net identifiable assets (liabilities) acquired		
Cash	$	370,470
Prepaid expenses		323,604
Trade payables and accrued liabilities		(189,363)
Net identifiable assets acquired		504,711
Listing expense		1,426,268
	$	1,930,979

(Expressed in Canadian Dollars)

5. Share capital

a. Authorized share capital

An unlimited number of common shares without par value, voting and participating.

b. Issued

	Number of shares	Share capital
Balance, December 31, 2022 and December 31, 2023	-	$ -
Recognition of Arrangement ((i) and note 1)	24,000,000	6,395,394
Consideration issued in Arrangement (notes 1 and 4)	5,898,010	1,592,463
Units issued for cash (ii)(iii)(iv)(v)	4,411,433	348,626
Share issuance costs (iii)(v)(vi)	85,683	(102,638)
Warrants exercised	7	4
Balance, December 31, 2024	34,395,133	$ 8,233,849

(i) Pursuant to the Arrangement, the Company issued 24,000,000 common shares (valued at $6,395,394) and 12,000,000 warrants (valued at $1,254,074) based on the historical cost base of the owner's investment in the Carve-out Entity, adjusted for any liabilities assumed by the former owner of the Carve-out Entity on the Arrangement Date. Each warrant entitles its holder to purchase one additional common share of the Company at a price of $0.40 for 2 years from the respective dates of distribution to the shareholders of Nord.

The 12,000,000 warrants were assigned a value of $1,254,074 as estimated using the Black-Scholes option pricing model under the following assumptions:

9,062,700 warrants: share price - $0.27, risk-free rate 4.11%, expected dividend yield – 0%, expected stock volatility – 100%, and expected life – 2 years;
979,100 warrants: share price - $0.27, risk-free rate 3.76%, expected dividend yield – 0%, expected stock volatility – 100%, and expected life – 3 years;
979,100 warrants: share price - $0.27, risk-free rate 3.58%, expected dividend yield – 0%, expected stock volatility – 100%, and expected life – 4 years;
979,100 warrants: share price - $0.27, risk-free rate 3.50%, expected dividend yield – 0%, expected stock volatility – 100%, and expected life – 5 years.

These estimated fair values were reduced by the estimated fair values of these same warrants prior to their distribution to the shareholders of Nord (Note 6).

(ii) On March 18, 2024, the Company issued 352,000 units at a price of $0.25 per unit for gross proceeds of $88,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at a price of $0.40 for 2 years from the date of issuance.

The 352,000 warrants issued were valued at $64,740 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: share price of $0.27, expected dividend yield of 0%, risk-free interest rate of 4.17%, volatility of 103% and an expected life of 2 years.

5. Share capital (continued)

b Issued (continued)

(iii) On September 5, 2024, the Company closed the first tranche of a non-brokered private placement, wherein the Company issued an aggregate of 2,072,000 units at a price of $0.12 per unit for gross proceeds of $248,640. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share at a price of $0.15 for 5 years from the date of issuance. Of the 2,072,000 units issued, 1,272,000 units comprised of flow-through common shares for gross proceeds of $152,640. Under the residual value method, $nil was attributed to the flow-through premium liability in connection with the financing.

The 1,036,000 warrants issued were valued at $86,293 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: share price of $0.095, expected dividend yield of 0%, risk-free interest rate of 2.78%, volatility of 145% and an expected life of 5 years.

In connection with the private placement, the Company issued an aggregate of 63,600 common shares and an aggregate of 138,040 finders' warrants. Each full finders' warrant entitles the holder to purchase one additional common share at a price of $0.15 for 2 years from the date of issuance.

The 138,040 finders' warrants issued were valued at $5,779 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: share price of $0.095, expected dividend yield of 0%, risk-free interest rate of 3.07%, volatility of 103% and an expected life of 2 years.

(iv) On September 17, 2024, the Company closed the second tranche of a non-brokered private placement, wherein the Company issued an aggregate of 1,129,167 units at a price of $0.12 per unit for gross proceeds of $135,500. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share at a price of $0.15 for 5 years from the date of issuance.

The 564,583 warrants issued were valued at $41,742 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: share price of $0.085, expected dividend yield of 0%, risk-free interest rate of 2.68%, volatility of 145% and an expected life of 5 years.

(v) On September 30, 2024, the Company closed the third and final tranche of a non-brokered private placement, wherein the Company issued an aggregate of 858,266 units at a price of $0.12 per unit for gross proceeds of $102,991, of which $12,000 was received subsequent to the year-end and included in the amounts receivable as at December 31, 2024. Of the 858,266 units issued, 441,666 units comprised of flow-through common shares for gross proceeds of $53,000. Under the residual value method, $nil was attributed to the flow-through premium liability in connection with the financing.

The 429,133 warrants issued were valued at $33,730 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: unit price of $0.09, expected dividend yield of 0%, risk-free interest rate of 2.70%, volatility of 145% and an expected life of 5 years.

In connection with the private placement, the Company issued an aggregate of 22,083 common shares and an aggregate of 30,916 finders' warrants.

The 30,916 finders' warrants issued were valued at $1,476 as estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: share price of $0.09, expected dividend yield of 0%, risk-free interest rate of 2.91%, volatility of 124% and an expected life of 2 years.

(vi) In connection with the September private placement, the Company paid an aggregate cash share issue costs of $95,383.

(Expressed in Canadian Dollars)

6. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022 and December 31, 2023	-	$ -
Recognition of the Arrangement (notes 1 and 5(b)(i))	12,000,000	0.40
Consideration issued in the Arrangement (i) (notes 1 and 4)	2,898,000	0.40
Issued (ii) (note 5(b))	2,550,672	0.18
Exercised	(7)	0.40
Balance, December 31, 2024	17,448,665	$ 0.37

(i) Of the 2,898,000 warrants issued, 1,470,000 warrants entitle its holder to purchase one additional common share of the Company at a price of $0.40 until January 19, 2026, 1,428,000 warrants entitle its holder to purchase one additional common share of the Company at a price of $0.40 until January 26, 2026.
(ii) Includes 168,956 finders' warrants issued in connection with the private placements.

The following table reflects the warrants issued and outstanding as of December 31, 2024:

Expiry date	Exercise price ($)	Remaining Life	Warrants Outstanding
(iii)	0.40	(iii)	11,999,993
January 19, 2026	0.40	1.05	1,470,000
January 26, 2026	0.40	1.07	1,428,000
March 18, 2026	0.40	1.21	352,000
September 5, 2026	0.15	1.68	138,040
September 30, 2026	0.15	1.75	30,916
September 5, 2029	0.15	4.68	1,036,000
September 17, 2029	0.15	4.72	564,583
September 30, 2029	0.15	4.75	429,133
	0.37		17,448,665

(iii) The warrants expire 2 years from the respective dates of distribution to the shareholders of Nord.

7. Exploration and evaluation projects

Graal Property, Quebec

As a result of the Arrangement (see note 1), the Company acquired a 100% interest in the Graal Property. The property consists of various claims in Quebec.

Lac Suzanne Property

In February 2021, Nord, the former owners of the Carve-out Entity, acquired a 100% interest in the Lac Suzanne Property, located in Northern Lac St-Jean, Quebec. In consideration for the 100% interest,

- An aggregate cash payment of $52,500 was made to the vendor; and
- An aggregate exploration expenditures of $200,000 was incurred on the property.

The property is subject to 2% Gross Metal Royalty.

(Expressed in Canadian Dollars)

7. Exploration and evaluation projects (continued)

Chute-des-Passes Property

In November 2021, Nord acquired a 100% ownership of the Chute-des-Passes Property claims from SOQUEM Inc. ("SOQUEM") (50% ownership) and Mines Coulon Inc. ("Mines Coulon") (50% ownership). In consideration for the 100% ownership, Nord made cash payments totalling $10,000 and each vendor retained an NSR.

In consideration for the purchase of its interest in the Chute-des-Passes Property, SOQUEM has the right to receive a royalty of 0.5% each of the NSR on the Chute-des-Passes Property, half of which is redeemable for an amount of $125,000. In return for the transfer of its interest in the Chute-des-Passes Property, Mines Coulon has the right to receive a royalty of 0.5% of the NSR on the Chute-des-Passes Property, half of which is redeemable for an amount of $125,000.

There is also an existing NSR of 1%, of which 0.5% is redeemable for $500,000. The total NSR on the property is 2% where 1% is redeemable for the sum of $750,000.

The following table shows exploration and evaluation expenses incurred on the properties:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Acquisition costs	**$ 3,364**	$ 8,725
Assay and testing	**1,250**	-
Drilling	**-**	32,606
Facility expenses	**-**	4,406
Consulting and professional fees	**12,908**	78,536
Geology, geophysics and surveys	**-**	34,194
Labour	**-**	8,049
Total	**$ 17,522**	$ 166,516

8. Related party transactions

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company for the year ended December 31, 2024 was $60,303 (2023 - $27,461). For the year ended December 31, 2024, $nil (2023 - $24,346) was included in exploration and evaluation expenses on the Company's statements of loss and comprehensive loss.

As at December 31, 2024, the Company paid a drilling deposit of $150,000 to a company in which a former director of the Company is a co-owner, which was included in prepaid expenses on the statements of financial position.

As at December 31, 2024, the Company advanced a total of $260,962 to companies with common officers and directors. The advance is unsecured, non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian Dollars)

9. Loss per share

The comparative period relate to the Carve-out Entity which was not an incorporated entity and therefore the loss per share information for the period prior to the reverse takeover transaction on February 26, 2024 (see note 1) is not applicable as the Carve-out Entity had no outstanding shares.

10. Income taxes

Current income tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% on the net income for the years ended December 31 is as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Income before income taxes	**$ (2,112,265)**	$ (440,470)
Expected income tax recovery based on statutory rate	**(560,000)**	(117,000)
Adjustments to expected income tax benefit:		
Non-deductible expenses	**339,000**	-
Tax benefits not recognized	**221,000**	117,000
Income tax provision	**$ -**	$ -

Deferred income tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Non-capital loss carryforwards	**$ 1,990,000**	$ 1,292,000
Mineral property costs	**6,343,000**	6,325,000
Share issue costs	**117,000**	-
Deferred income tax provision (recovery)	**$ 8,450,000**	$ 7,617,000

The non-capital losses expire between 2040 and 2044.

11. Capital risk management

The Company considers its capital structure to consist of share capital and retained earnings. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its development and operating activities.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to pursue the exploration of its mineral properties. The Company satisfies its capital requirements through careful management of its cash resources.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2024 and 2023.

12. Financial instruments and risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 is not exposed to significant credit risk.

Liquidity risk

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. There were no changes in the Company's approach to risk management during the reporting period.

Currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign currency risk.

13. Commitments and contingencies

Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through obligations

Pursuant to the terms of flow-through share agreement, the Company is in the process of complying with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2024, the Company is committed to incurring approximately $205,000 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2025 arising from the flow-through offerings. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

14. Subsequent events

On February 7, 2025, the Company granted 1,200,000 stock options to directors and consultants of the Company. The stock options are exercisable for a term of 3 years at an exercise price of $0.05 per share and vested immediately.

On February 11, 2025, the Company granted 100,000 stock options to a consultant. The stock options are exercisable for a term of 3 years at an exercise price of $0.05 per share and vested immediately.