



## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the three months ended December 31, 2024**

(Unaudited – Expressed in Canadian dollars)

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**Notice to Reader**

These condensed interim financial statements of Azarga Metals Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

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**AZARGA METALS CORP.**  
**Condensed Interim Statements of Financial Position**  
(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	December 31, 2024	September 30, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 13,405	\$ 15,212
Restricted cash	10	1,100,000	-
Receivables		2,354	2,078
Prepaid expenses		3,800	6,650
		1,119,559	23,940
<b>Exploration and evaluation assets</b>	4	553,498	533,398
		\$ 1,673,057	\$ 557,338
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Trade and other payables	5	\$ 785,991	\$ 714,161
Subscriptions received in advance	10	1,100,000	-
		1,885,991	714,161
<b>Shareholders' deficiency</b>			
Share capital	6	145,212,066	145,191,966
Share-based reserve	6	17,585,629	17,573,563
Deficit		(163,010,629)	(162,922,352)
		(212,934)	(156,823)
		\$ 1,673,057	\$ 557,338
<b>Nature of operations and going concern</b>	1		
<b>Subsequent events</b>	10		

These condensed interim financial statements were approved for issue by the Audit Committee of the Board of Directors on February 26, 2025.

They are signed on the Company's behalf by:

"Gordon Tainton"  
Gordon Tainton, Director

"Blake Steele"  
Blake Steele, Director

**AZARGA METALS CORP.****Condensed Interim Statements of Loss and Comprehensive Loss**

(Unaudited – Expressed in Canadian dollars)

		Three months ended December 31,	
	Note	2024	2023
<b>EXPENSES</b>			
Consulting fees	7	\$ 68,500	\$ 68,500
Office expenses		5,554	5,070
Professional fees		495	495
Share-based compensation	6 & 7	12,066	-
Transfer agent and filing fees		2,118	3,830
Travel		-	3,193
		(88,733)	(81,088)
Accretion on property payment obligations		-	(9,856)
Foreign exchange gain (loss)		456	(422)
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (88,277)</b>	<b>\$ (91,366)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>36,634,113</b>	<b>33,505,273</b>

*The accompanying notes form an integral part of these condensed interim financial statements*

**AZARGA METALS CORP.**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited – Expressed in Canadian dollars)

	<b>Three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH AND RESTRICTED CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Loss for the period	\$ (88,277)	\$ (91,366)
Items not affecting cash:		
Share-based compensation	12,066	-
Accretion on property payment obligations	-	9,856
Change in non-cash working capital items:		
Receivables	(276)	1,176
Prepaid expenses	2,850	3,000
Trade and other payables	71,830	2,189
	<b>(1,807)</b>	<b>(75,145)</b>
<b>FINANCING ACTIVITIES:</b>		
Subscriptions received in advance	1,100,000	-
	<b>1,100,000</b>	<b>-</b>
<b>CHANGE IN CASH AND RESTRICTED CASH FOR THE PERIOD</b>	<b>1,098,193</b>	<b>(75,145)</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>15,212</b>	<b>123,135</b>
<b>CASH AND RESTRICTED CASH, END OF THE PERIOD</b>	<b>\$ 1,113,405</b>	<b>\$ 47,990</b>
<b>CASH, END OF PERIOD</b>	<b>13,405</b>	<b>47,990</b>
<b>RESTRICTED CASH, END OF PERIOD</b>	<b>1,100,000</b>	<b>-</b>
<b>CASH AND RESTRICTED CASH, END OF THE PERIOD</b>	<b>\$ 1,113,405</b>	<b>\$ 47,990</b>
<b>Non-cash investing and financing activities</b>		
Shares issued for exploration and evaluation assets	\$ 20,100	\$ -
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

*The accompanying notes form an integral part of these condensed interim financial statements*

**AZARGA METALS CORP.****Condensed Interim Statements of Changes in Shareholders' Deficiency**

(Unaudited – Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Deficit</b>	<b>Shareholders' deficiency</b>
Balance, September 30, 2024	36,371,939	\$ 145,191,966	\$ 17,573,563	\$ (162,922,352)	\$ (156,823)
Shares issued for exploration and evaluation assets	670,000	20,100	-	-	20,100
Share-based compensation	-	-	12,066	-	12,066
Comprehensive loss for the period	-	-	-	(88,277)	(88,277)
Balance, December 31, 2024	37,041,939	\$ 145,212,066	\$ 17,585,629	\$ (163,010,629)	\$ (212,934)

  

	<b>Number of shares</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Deficit</b>	<b>Shareholders' deficiency</b>
Balance, September 30, 2023	33,505,273	\$ 145,048,633	\$ 17,515,616	\$ (162,572,439)	\$ (8,190)
Comprehensive loss for the period	-	-	-	(91,366)	(91,366)
Balance, December 31, 2023	33,505,273	\$ 145,048,633	\$ 17,515,616	\$ (162,663,805)	\$ (99,556)

*The accompanying notes form an integral part of these condensed interim financial statements*

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

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Azarga Metals Corp. (the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange and trade under the symbol AZR. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company is engaged in the exploration and, if warranted, development of mineral resource projects in Canada. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at December 31, 2024, the Company had a working capital deficit of \$766,432. Subsequent to December 31, 2024, the Company completed a private placement for gross proceeds of \$1,100,000 and executed debt forgiveness agreements with certain related parties (Note 10). Despite this, management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

**2. BASIS OF PRESENTATION**

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**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended September 30, 2024.

**Basis of measurement**

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024  
(Unaudited – Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**Use of accounting estimates, judgments, and assumptions**

Information about estimates and judgments used in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim financial statements are included in Note 2 to the Company's September 30, 2024 annual financial statements.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

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The material accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company as at and for the year ended September 30, 2024.

**New accounting policy**

The following amendments to existing standards have been adopted by the Company commencing October 1, 2024:

*Amendments to IAS 1, Presentation of Financial Statements*

These amendments clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or noncurrent. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity. The adoption of this revised standard did not impact these condensed interim financial statements.

**New standards, interpretations and amendments not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2024 and have not been applied in preparing these condensed interim financial statements.

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.



**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS**

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	<b>Marg Property</b>	
September 30, 2024	\$	533,398
Additions		20,100
December 31, 2024	\$	553,498

*Marg Copper Project, Yukon, Canada*

In December 2021, the Company completed the acquisition of the Marg project, located in the Yukon Territory of Canada.

As consideration, the Company paid a non-refundable deposit of \$50,000 and issued 521,999 common shares valued at \$313,199. The Company also paid a finder's fee to a third-party through the issuance of 44,776 common shares valued at \$26,866. In addition, the Company was also obligated to pay \$200,000 on the first anniversary of closing and \$350,000 on the second anniversary of closing. The second anniversary payment of \$350,000 was discounted at a rate of 12% over a period of two years for an initial present value of \$279,018. These amounts were accrued as part of the consideration payable for the Marg project.

Cash	\$	50,000
Shares issued		313,199
Shares issued for finder's fee		26,866
Property payment obligation - first anniversary		200,000
Property payment obligation - second anniversary		279,018
Total	\$	869,083

Upon a final decision to mine (the "Milestone") by the Company, an additional payment of \$300,000 is due in cash or shares at the vendor's discretion. Finder's fees are payable on this payment.

The Marg project was subject to a 1% net smelter return ("NSR") royalty which the Company had the option to buy back for cash consideration of \$1,500,000.

In January 2024, the Company entered into a side letter agreement to restructure the terms of the Marg project acquisition so that the property payment obligations were cancelled and replaced with option maintenance payments. The parties amended the Marg project acquisition agreement to an option to purchase agreement whereby if the Company does not complete the option maintenance payments and exercise the option to purchase the Marg project on or before December 1, 2025, the option to purchase the Marg project will expire and title to the project will revert back to the vendor.

Accordingly, the Company reversed the exploration and evaluation assets of \$479,018, included as original consideration, and the property payments obligations of \$550,000 and recorded a gain on reversal of property payment obligations of \$70,982 to the statement of comprehensive loss for the year ended September 30, 2024.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

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Pursuant to the terms of the side letter agreement, the Company agreed to make the following option payments:

- issue 2,866,666 common shares (issued in January 2024 at a value of \$143,333).
- pay \$33,500 in cash or shares at the option of the Company on or before December 1, 2024 (issued 670,000 common shares in November 2024 at a value of \$20,100 (Note 6)).
- pay \$33,500 in cash or shares at the option of the Company on or before December 1, 2025, if the Company has not exercised the option before December 2, 2024.
- pay \$335,000 in cash on or before December 1, 2025 to exercise the option.

In consideration for the vendor agreeing to enter into the side letter agreement, the Company increased the NSR royalty on the Marg project from 1% to 2%, with 1% subject to a buy back option for cash consideration of \$1,500,000. The Milestone payment remained unchanged.

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**5. TRADE AND OTHER PAYABLES**

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	December 31, 2024	September 30, 2024
Trade and other payables in Canada	\$ 147,949	\$ 146,659
Due to related parties (Note 7)	638,042	567,502
Total	\$ 785,991	\$ 714,161

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**6. SHARE CAPITAL**

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**a) Authorized**

The Company has an unlimited number of common shares without par value authorized for issuance.

**b) Issued and outstanding**

On November 25, 2024, the Company issued 670,000 common shares valued at \$20,100 for exploration and evaluation assets to fully settle an option payment on the Marg project (Note 4).

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

**6. SHARE CAPITAL (continued)**

**c) Share purchase warrants**

The continuity of share purchase warrants for the three months ended December 31, 2024 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2024</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, December 31, 2024</b>
September 15, 2025	\$ 0.50	1,970,000	-	-	-	1,970,000
November 7, 2025	\$ 0.50	730,000	-	-	-	730,000
		2,700,000	-	-	-	2,700,000
Weighted average exercise price	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ 0.50

As at December 31, 2024, the weighted average remaining contractual life of the share purchase warrants outstanding was 0.75 years.

**d) Share-based compensation**

The Company has a 10% “rolling” stock option plan (the “Plan”) which governs the granting of stock options to directors, officers, employees and consultants of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

In addition, the Company has an equity incentive plan (the “Equity Plan”) which governs the granting of any restricted share units, performance share units, or deferred share units granted under the Equity Plan, to directors, officers, employees and consultants of the Company. The Company has reserved for issuance up to 1,305,029 common shares, being 10% of the issued and outstanding common shares of the Company at that time, pursuant to the Equity Plan.

The continuity of stock options for the three months ended December 31, 2024 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2024</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/Cancelled</b>	<b>Balance, December 31, 2024</b>
January 5, 2029	\$ 0.07	800,000	-	-	-	800,000
		800,000	-	-	-	800,000
Weighted average exercise price	\$ 0.07	\$ -	\$ -	\$ -	\$ -	\$ 0.07

As at December 31, 2024, all stock options outstanding were exercisable with a weighted average remaining contractual life of 4.02 years.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

**6. SHARE CAPITAL (continued)**

**d) Share-based compensation (continued)**

*Restricted Share Units (“RSUs”)*

The continuity of RSUs for the three months ended December 31, 2024 is as follows:

Issue date	Balance, September 30, 2024	Granted	Released	Forfeited	Balance, December 31, 2024
January 5, 2024	1,200,000	-	-	-	1,200,000
	1,200,000	-	-	-	1,200,000

On January 5, 2024, the Company granted 1,200,000 RSUs to the three directors of the Company at a fair value of \$48,000, of which \$12,066 was recorded as share-based compensation for the three months ended December 31, 2024. The RSUs vested on January 5, 2025, however the common shares have not yet been issued.

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

*Compensation of key management personnel*

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended December 31, 2024 and 2023 were as follows:

	Three months ended December 31,	
	2024	2023
Consulting fees		
Chief Executive Officer	\$ 43,500	\$ 43,500
Golden Oak *	25,000	25,000
	68,500	68,500
Share-based compensation	12,066	-
	\$ 80,566	\$ 68,500

\* Golden Oak Corporate Services Ltd. (“Golden Oak”) is a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**7. RELATED PARTY TRANSACTIONS (continued)**

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*Due to related parties*

		<b>December 31,</b>	<b>September 30,</b>
		<b>2024</b>	<b>2024</b>
Chief Executive Officer	Consulting fees	\$ 439,500	\$ 396,000
Chief Executive Officer	Expenses	1,080	-
Golden Oak	Consulting fees	197,500	171,250
Golden Oak	Expenses	-	252
		<b>\$ 638,080</b>	<b>\$ 567,502</b>

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On January 9, 2025, the Company entered into debt settlement agreements with each of the Chief Executive Officer and Golden Oak whereby each of the Chief Executive Officer and Golden Oak agreed to forgive 80% of their unpaid fees up to and including December 31, 2024 (Note 10).

**8. SEGMENTED INFORMATION**

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Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation in Canada.

All of the Company's assets are located in Canada.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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*Financial Instruments*

Financial instruments are classified into one of the following categories: fair value through profit or loss; fair value through other comprehensive income; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

<b>Financial Instruments</b>	<b>Category</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Cash	Amortized cost	\$ 13,405	\$ 15,212
Restricted cash	Amortized cost	1,100,000	-
Receivables	Amortized cost	2,354	2,078
Trade and other payables	Amortized cost	785,991	714,161

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values for cash, restricted cash, receivables, and trade and other payables approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

*Risk Management*

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended September 30, 2024.

**AZARGA METALS CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2024

(Unaudited – Expressed in Canadian dollars)

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**10. SUBSEQUENT EVENTS**

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Subsequent to December 31, 2024, the Company completed the following:

- On January 9, 2025, the Company entered into debt settlement agreements with each of the Chief Executive Officer (“CEO”) and Golden Oak whereby each of the CEO and Golden Oak agreed to forgive 80% of their unpaid fees up to and including December 31, 2024, leaving a balance owing to the CEO of \$87,900 and to Golden Oak of \$38,000 (the “RP Debt”). The RP Debt shall be paid 50% on closing of a private placement and 50% over the six-month period thereafter. In February 2025, the Company paid 50% of the RP Debt on closing of the private placement
- On January 20, 2025, the Company closed a private placement through the issuance of 36,666,666 common shares at a price of \$0.03 for gross proceeds of \$1,100,000. The proceeds were received in December 2024 and accordingly were recorded as restricted cash and subscriptions received in advance as at December 31, 2024.