



## **FINANCIAL STATEMENTS**

**For the year ended September 30, 2024**

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Azarga Metals Corp.

### ***Opinion***

We have audited the accompanying financial statements of Azarga Metals Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 in our audit 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 the Company had a working capital deficit of \$690,221 as at September 30, 2024. As stated in Note 1, the Company may need to complete additional financing in order to complete its strategic objectives and there is no assurance that it will be able to obtain adequate financing in the future. These events and conditions indicate 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 year. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### ***Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")***

As described in Note 4 to the financial statements, the carrying amount of the Company's E&E Assets was \$533,398 as of September 30, 2024. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

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

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Assessing compliance with agreement and property payment obligations.
- Evaluating title to ensure mineral claims underlying the E&E Assets are in good standing.

### ***Other Information***

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

Our opinion on the 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 skepticism throughout the audit. We also:

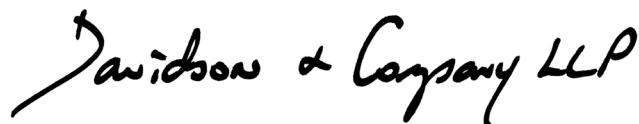
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 year 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 Michael MacLaren.

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

Vancouver, Canada

Chartered Professional Accountants

February 26, 2025

**AZARGA METALS CORP.**  
**Statements of Financial Position**  
(Expressed in Canadian dollars)

	<i>Note</i>	September 30, 2024	September 30, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 15,212	\$ 123,135
Receivables		2,078	2,723
Prepaid expenses		6,650	7,000
		23,940	132,858
<b>Exploration and evaluation assets</b>	<b>4</b>	<b>533,398</b>	<b>869,083</b>
		\$ 557,338	\$ 1,001,941
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Trade and other payables	5	\$ 714,161	\$ 469,987
Property payment obligations	6	-	540,144
		714,161	1,010,131
<b>Shareholders' deficiency</b>			
Share capital	8	145,191,966	145,048,633
Share-based reserve	8	17,573,563	17,515,616
Deficit		(162,922,352)	(162,572,439)
		(156,823)	(8,190)
		\$ 557,338	\$ 1,001,941
<b>Nature of operations and going concern</b>	<b>1</b>		
<b>Subsequent events</b>	<b>14</b>		

These financial statements were approved for issue by 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.**  
**Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)

	<i>Note</i>	<b>Year ended September 30,</b>	
		<b>2024</b>	<b>2023</b>
<b>EXPENSES</b>			
Consulting fees	9	\$ 274,000	\$ 274,000
Exploration and evaluation expenditures	4	-	228,949
Marketing and promotion		1,360	129,140
Office expenses		18,585	34,907
Professional fees		32,493	70,352
Share-based compensation	8 & 9	57,947	49,005
Transfer agent and filing fees		22,811	56,348
Travel		4,012	5,759
		(411,208)	(848,460)
<b>Accretion on property payment obligations</b>	6	(9,856)	(36,444)
<b>Foreign exchange gain</b>		169	43,543
<b>Gain on reversal of property payment obligations</b>	4 & 6	70,982	-
<b>Gain on sale of subsidiaries</b>	4	-	111,524
<b>Gain on settlement of trade and other payables</b>	5	-	62,812
<b>Interest expense on shareholder loans</b>	7	-	(62,110)
<b>LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>		\$ (349,913)	\$ (729,135)
<b>Basic and diluted loss per common share</b>		\$ (0.01)	\$ (0.03)
<b>Weighted average number of common shares outstanding - basic and diluted</b>		35,510,373	22,453,083

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

**AZARGA METALS CORP.****Statements of Cash Flows**

(Expressed in Canadian dollars)

	Year ended September 30,	
	2024	2023
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Loss for the year	\$ (349,913)	\$ (729,135)
Items not affecting cash:		
Share-based compensation	57,947	49,005
Accretion on property payment obligations	9,856	36,444
Gain on reversal of property payment obligations	(70,982)	-
Gain on sale of subsidiaries	-	(111,524)
Gain on settlement of trade and other payables	-	(62,812)
Accrued interest expense on shareholder loans	-	62,110
Unrealized foreign exchange gain	-	(21,905)
Change in non-cash working capital items:		
Receivables	645	31,317
Prepaid expenses	350	105,107
Trade and other payables	244,174	336,206
	(107,923)	(305,187)
<b>INVESTING ACTIVITIES:</b>		
Cash received on sale of subsidiaries	-	102,075
Restricted cash	-	39,673
	-	141,748
<b>FINANCING ACTIVITIES:</b>		
Private placement	-	106,000
Share issuance costs	-	(3,500)
	-	102,500
<b>DECREASE IN CASH FOR THE YEAR</b>	(107,923)	(60,939)
<b>CASH, BEGINNING OF THE YEAR</b>	123,135	184,074
<b>CASH, END OF THE YEAR</b>	\$ 15,212	\$ 123,135
<b>Non-cash investing and financing activities</b>		
Shares issued for exploration and evaluation assets	\$ 143,333	\$ -
Issuance of private placement warrants	-	33,553
Issuance of finder's warrants	-	2,161
Issuance of shares to settle trade and other payables	-	173,840
Issuance of shares to settle shareholder loans	-	1,763,842
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

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

(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, 2023	33,505,273	\$ 145,048,633	\$ 17,515,616	\$ (162,572,439)	\$ (8,190)
Shares issued for exploration and evaluation assets	2,866,666	143,333	-	-	143,333
Share-based compensation	-	-	57,947	-	57,947
Comprehensive loss for the year	-	-	-	(349,913)	(349,913)
Balance, September 30, 2024	36,371,939	\$ 145,191,966	\$ 17,573,563	\$ (162,922,352)	\$ (156,823)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Share-based reserve</b>	<b>Deficit</b>	<b>Shareholders' deficiency</b>
Balance, September 30, 2022	19,701,275	\$ 143,044,165	\$ 17,430,897	\$ (161,843,304)	\$ (1,368,242)
Private placement	706,667	72,447	33,553	-	106,000
Share issuance costs	-	(5,661)	2,161	-	(3,500)
Issuance of shares for trade and other payables	1,338,398	173,840	-	-	173,840
Issuance of shares on conversion of shareholder loans	11,758,944	1,763,842	-	-	1,763,842
Consolidation adjustment	(11)	-	-	-	-
Share-based compensation	-	-	49,005	-	49,005
Comprehensive loss for the year	-	-	-	(729,135)	(729,135)
Balance, September 30, 2023	33,505,273	\$ 145,048,633	\$ 17,515,616	\$ (162,572,439)	\$ (8,190)

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



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

For the year ended September 30, 2024  
(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 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 September 30, 2024, the Company had a working capital deficit of \$690,221. Subsequent to September 30, 2024, the Company completed a private placement for gross proceeds of \$1,100,000 and executed debt forgiveness agreements with certain related parties (Note 14). However, 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 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 financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The policies applied in these financial statements are based on the IFRS Accounting Standards issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

**Basis of measurement**

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

**Functional and presentation currency**

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

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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

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

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, preliminary economic assessment, accessibility of facilities and existing permits.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include the results from the exploration and development of its properties, forecasted capital deployment, and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern (Note1).

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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

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**Use of accounting estimates, judgments, and assumptions (continued)**

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

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**Foreign currency translation**

In individual companies, transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

**Exploration and evaluation assets and expenditures**

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized as exploration and evaluation assets. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method upon reaching production. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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**Restoration, rehabilitation and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company has no restoration, rehabilitation or environmental obligations.

**Impairment**

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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**Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**Financial instruments**

*Financial assets*

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash is classified at amortized cost.

*Impairment*

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Financial liabilities*

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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**Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

**Share purchase warrants**

The Company accounts for share purchase warrants issued in unit offerings comprising a common share and share purchase warrant (or portion thereof) using the relative fair value method. Under this method, the fair value of common shares and share purchase warrants are measured at the issuance date and the proceeds raised are allocated to the common shares and share purchase warrants proportionately. The fair value of common shares is measured based on the quoted market price of the Company's stock and the share purchase warrant issued is measured at the issue date using the Black-Scholes option pricing model. The share purchase warrant is recorded as share capital if and when the share purchase warrants are exercised.

**Loss per share**

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive stock options and share purchase warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of stock options and share purchase warrants on loss per share would be anti-dilutive.

**Share-based compensation**

The stock option plan allows Company directors, employees, and consultants to acquire shares of the Company. The fair value of stock options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the stock options is reclassified from share-based reserve to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the stock options vest. The fair value of the stock options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the stock options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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**Equity plan**

The equity plan allows the Company to award restricted share units, performance share units, or deferred share units to directors, officers, employees and consultants of the Company. The fair value is measured at the award date using the closing share price and recognized using the graded vesting method over the period during which the units vest.

**Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and there is the intention to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is probable that the related tax benefit will be realized.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.



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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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**New accounting policy**

The following amendments to existing standards have been adopted by the Company commencing October 1, 2023:

*IAS 1, Presentation of Financial Statements*

The amendments changed the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policies are material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The adoption of these amendments did not materially impact these 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 September 30, 2024 and have not been applied in preparing these financial statements.

Amendments to IAS 1 Presentation of Financial Statements 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 Company has not early adopted this revised standard and its adoption is not expected to have a material impact on the Company's 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 FINANCIAL STATEMENTS**

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS**

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	<b>Marg Property</b>	
September 30, 2023 and 2022	\$	869,083
Additions		143,333
Reversal of property payment obligations		(479,018)
September 30, 2024	\$	533,398

*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 (Note 6).

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 (Note 6) 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 (Note 6) and recorded a gain on reversal of property payment obligations of \$70,982 to the statement of comprehensive loss.

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

For the year ended September 30, 2024

(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 (Note 8)).
- pay \$33,500 in cash or shares at the option of the Company on or before December 1, 2024 (issued 670,000 common shares subsequent to year-end (Note 14)).
- 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 to buy back option for cash consideration of \$1,500,000. The Milestone payment remained unchanged.

*Unkur Copper-Silver Project, Russia*

The Company's previously held Unkur project was located in eastern Russia.

In June 2022, the Company granted Baker Steel Resources Trust Ltd. ("BSRT") the option to acquire the Unkur project for US\$1.00 (the "Unkur Option") until December 31, 2023 in exchange for BSRT agreeing to convert its outstanding convertible loan into common shares. BSRT was considered to be a related party by virtue of a former director of the Company being the Managing Partner of BSRT. In addition, BSRT owned approximately 30% of the Company's common shares as at September 30, 2022.

In February 2023, the Company entered into a share purchase agreement with a non-sanctioned third-party buyer to sell its wholly owned subsidiaries, Azarga Metals Limited, Shilka Metals Ltd., and Tuva-Kobalt LLC, the owner of the Unkur project. As consideration, the buyer paid the Company \$1 (US\$1) for the Unkur project and \$102,074 (US\$74,999) for the assignment and assumption of the intercompany debt, as well as contingent consideration equal to half of the net proceeds paid to the buyer from any subsequent sale of the Unkur project ("Contingent Consideration"). The Contingent Consideration was not recorded as management determined that it was not likely to be received. Further, BSRT waived its right to acquire the Unkur project under the Unkur Option, however, pursuant to the Unkur Option, the Contingent Consideration, if received, will be split as follows: 90% to BSRT and 10% to the Company for any amount up to US\$3.5 million and 80% to BSRT and 20% to the Company for any amount above US\$3.5 million.

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<b>Consideration received</b>		
Cash	\$	102,075
Total	\$	102,075

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<b>Net assets (liabilities) sold</b>		
Cash	\$	7,611
Receivables		22,787
Trade and other payables		(39,847)
Total	\$	(9,449)

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<b>Gain on sale of subsidiaries</b>	\$	111,524
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**AZARGA METALS CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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

The Company recorded the following exploration and evaluation expenditures on its Marg and Unkur projects during the years ended September 30, 2024 and 2023.

	Year ended September 30,	
	2024	2023
<b>Marg Project</b>		
IP Survey	\$ -	\$ 150,512
Camp and other	-	29,960
	-	180,472
<b>Unkur Project</b>		
Personnel, administration, and travel	-	48,477
	-	48,477
	\$ -	\$ 228,949

**5. TRADE AND OTHER PAYABLES**

	September 30, 2024	September 30, 2023
Trade and other payables in Canada	\$ 146,659	\$ 171,709
Due to related parties (Note 9)	567,502	298,278
<b>Total</b>	<b>\$ 714,161</b>	<b>\$ 469,987</b>

During the year ended September 30, 2023, the Company recorded a gain on settlement of trade and other payables of \$62,812 due to the following:

- In January 2023, the Company issued 400,000 common shares valued at \$80,000 (Note 8) to settle trade and other payables of \$95,892 and accordingly recorded a gain on settlement of trade and other payables of \$15,892.
- In July 2023, the Company issued 400,000 common shares valued at \$40,000 (Note 8) to Golden Oak (Note 9) to settle trade and other payables of \$60,000 and accordingly recorded a gain on settlement of trade and other payables of \$20,000.
- In July 2023, the Company issued 538,398 common shares valued at \$53,840 (Note 8) to settle trade and other payables of \$80,760 and accordingly recorded a gain on settlement of trade and other payables of \$26,920.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**6. PROPERTY PAYMENT OBLIGATIONS**

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	<b>September 30,</b>	<b>September 30,</b>
	<b>2024</b>	<b>2023</b>
Opening balance	\$ 540,144	\$ 503,700
Accretion	9,856	36,444
Reversal	(550,000)	-
Closing balance	\$ -	\$ 540,144

As part of the consideration payable for the acquisition of the Marg project (Note 4), the Company was obligated to pay \$200,000 on the first anniversary of closing, being December 6, 2022.

In addition, the Company was also obligated to pay the vendor \$350,000 on the second anniversary of closing, being December 6, 2023. This payment was discounted at a rate of 12% over a period of two years for an initial present value of \$279,018. During the year ended September 30, 2024, the Company recorded accretion of \$9,856 (2023 - \$36,444) on these property payment obligations.

In January 2024, the terms of the Marg project acquisition agreement were amended so that the property payment obligations were cancelled and replaced with option maintenance payments. Accordingly, the Company reversed the property payment obligations of \$550,000 and the exploration and evaluation assets of \$479,018 (Note 4) and recorded a gain on reversal of property payment obligations of \$70,982 to the statement of loss and comprehensive loss.

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**7. SHAREHOLDER LOANS**

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As part of the consideration payable for the acquisition of the Unkur project, the Company assumed the obligation to repay certain existing shareholder loans. The shareholder loans were unsecured, bore interest at the rate of 12% per annum, and were payable by May 31, 2023.

On May 31, 2023, all of the shareholder loan holders individually delivered to the Company notices to convert each of their shareholder loans and accrued interest to March 31, 2023 into common shares of the Company. No further interest accrued after March 31, 2023. On March 31, 2023, the amounts due included principal of \$1,037,588 (US\$766,709) and interest of \$726,254 (US\$536,254). During the year ended September 30, 2023, the Company accrued interest on the shareholder loans of \$62,110.

In July 2023, the Company issued 8,019,895 common shares valued at \$1,202,985 (Note 8) in full and final settlement of all but one of the shareholder loans.

In September 2023, the Company issued 3,739,049 common shares valued at \$560,857 (Note 8) in full and final settlement of the remaining shareholder loan.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**8. 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**

During the year ended September 30, 2024, the Company completed the following:

- In January 2024, the Company issued 2,866,666 common shares valued at \$143,333 for exploration and evaluation assets (Note 4).

During the year ended September 30, 2023, the Company completed the following:

- In November 2022, the Company completed the second and final tranche of a non-brokered private placement through the issuance of 706,667 units at a price of \$0.15 per unit for gross proceeds of \$106,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of \$0.50 per share until November 7, 2025. The share purchase warrants were valued at \$33,553 using the relative fair value approach.

The Company recorded cash finder's fees of \$3,500 and issued 23,333 finder's warrants valued at \$2,161 on the same terms as the share purchase warrants. The fair value of the share purchase warrants and the finder's warrants were determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.87%; an expected volatility of 102%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

- In January 2023, the Company issued 400,000 common shares valued at \$80,000 to settle trade and other payables of \$95,892 and accordingly recorded a gain on settlement of trade and other payables of \$15,892.
- In July 2023, the Company issued 400,000 common shares valued at \$40,000 to Golden Oak (Note 9) to settle trade and other payables of \$60,000 and accordingly recorded a gain on settlement of trade and other payables of \$20,000.
- In July 2023, the Company issued 538,398 common shares valued at \$53,840 to settle trade and other payables of \$80,760 and accordingly recorded a gain on settlement of trade and other payables of \$26,920.
- In July 2023, the Company issued 8,019,895 common shares valued at \$1,202,985 in full and final settlement of all but one of the shareholder loans (Note 7).
- In September 2023, the Company issued 3,739,049 common shares valued at \$560,857 in full and final settlement of the remaining shareholder loan (Note 7).

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

**8. SHARE CAPITAL (continued)**

**c) Share purchase warrants**

The continuity of share purchase warrants for the year ended September 30, 2024 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2023</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, September 30, 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 September 30, 2024, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.00 years.

The continuity of share purchase warrants for the year ended September 30, 2023 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2022</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, September 30, 2023</b>
December 31, 2022	\$ 1.00	2,044,091	-	-	(2,044,091)	-
March 25, 2023	\$ 1.20	1,160,646	-	-	(1,160,646)	-
September 15, 2025	\$ 0.50	1,970,000	-	-	-	1,970,000
November 7, 2025	\$ 0.50	-	730,000	-	-	730,000
		5,174,737	730,000	-	(3,204,737)	2,700,000
Weighted average exercise price	\$ 0.85	\$ 0.50	\$ -	\$ -	\$ 1.07	\$ 0.50

**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.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

**8. SHARE CAPITAL (continued)**

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

The continuity of stock options for the year ended September 30, 2024 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2023</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>Balance, September 30, 2024</b>
May 24, 2024	\$ 0.90	180,000	-	-	(180,000)	-
January 5, 2029	\$ 0.07	-	800,000	-	-	800,000
		180,000	800,000	-	(180,000)	800,000
Weighted average exercise price	\$ 0.90	\$ 0.07	\$ -	\$ -	\$ 0.90	\$ 0.07

As at September 30, 2024, all stock options outstanding were exercisable with a weighted average remaining contractual life of 4.27 years.

The continuity of stock options for the year ended September 30, 2023 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, September 30, 2022</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>Balance, September 30, 2023</b>
January 5, 2023	\$ 1.50	127,500	-	-	(127,500)	-
May 24, 2024	\$ 0.90	270,000	-	-	(90,000)	180,000
April 23, 2026	\$ 1.30	300,000	-	-	(300,000)	-
April 21, 2027	\$ 0.50	450,000	-	-	(450,000)	-
		1,147,500	-	-	(967,500)	180,000
Weighted average exercise price	\$ 0.91	\$ -	\$ -	\$ -	\$ 0.92	\$ 0.90

On January 5, 2024, the Company granted 800,000 stock options to two officers of the Company at a fair value of \$22,668 or \$0.03 per option, all of which was recorded as share-based compensation for the year ended September 30, 2024. The fair value of the stock options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.44%; an expected volatility of 105%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On April 23, 2021, the Company granted 300,000 stock options to the Chief Executive Officer of the Company at a fair value of \$236,760 or \$0.08 per option, of which \$49,005 was recorded as share-based compensation for the year ended September 30, 2023. The stock options vested 50,000 every six months. On June 2, 2023, the Chief Executive Officer agreed with the Company to cancel these stock options.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

**8. SHARE CAPITAL (continued)**

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

*Restricted Share Units ("RSUs")*

The continuity of RSUs for the year ended September 30, 2024 is as follows:

Issue date	Balance, September 30, 2023	Granted	Released	Forfeited	Balance, September 30, 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 \$35,279 was recorded as share-based compensation for the year ended September 30, 2024. The RSUs vested on January 5, 2025, however the common shares have not yet been issued.

**9. 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 year ended September 30, 2024 and 2023 were as follows:

	Year ended September 30,	
	2024	2023
Consulting fees		
Chief Executive Officer	\$ 174,000	\$ 174,000
Golden Oak *	100,000	100,000
	274,000	274,000
Share-based compensation	57,947	49,005
	\$ 331,947	\$ 323,005

\* 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.

*Due to related parties*

		September 30, 2024	September 30, 2023
Chief Executive Officer	Consulting fees	\$ 396,000	\$ 222,000
Chief Executive Officer	Expenses	-	255
Golden Oak	Consulting fees	171,250	66,250
Golden Oak	Expenses	252	9,773
		\$ 567,502	\$ 298,278



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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**10. 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.

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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*Financial Instruments*

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; 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>September 30, 2024</b>	<b>September 30, 2023</b>
Cash	Amortized cost	\$ 15,212	\$ 123,135
Receivables	Amortized cost	2,078	2,723
Trade and other payables	Amortized cost	714,161	469,987
Property payment obligations	Amortized cost	-	540,144

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, 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. The carrying value of the property payment obligations were measured at amortized cost.

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

For the year ended September 30, 2024  
(Expressed in Canadian dollars)

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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*Risk Management*

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk on its cash by only investing its cash with high credit quality financial institutions in business and savings accounts. The Company's receivables primarily include balances receivable from government agencies. The Company is exposed to some risk on amounts due from these government agencies; however, to date the Company has been successful on collecting on its receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company is exposed to liquidity risk (Note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant.
- (b) Foreign Currency Risk: The Company was subject to fluctuations in the exchange rates between the Canadian dollar and the US dollar and Russian Ruble prior to the Company's subsidiaries being sold in February 2023. As at September 30, 2024, the Company held 76% of its cash in US dollars. The effect of a 10% change in the foreign exchange rate on cash held in US dollars at September 30, 2024 would be nominal.
- (c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets is related to the price of copper and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect to its operational activities.

Historically, the price of copper has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to copper.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**12. MANAGEMENT OF CAPITAL**

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The Company's capital structure consists of its common shares, share purchase warrants, stock options, and restricted share units. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk. The Company is not subject to any externally imposed capital restrictions.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure forecasts that are updated as necessary depending on various factors including successful capital deployment and general industry conditions. In order to maximize ongoing exploration expenditures, the Company does not pay out dividends.

The Company's investment policy is to keep its cash treasury on deposit in interest bearing Canadian chartered bank accounts. 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 (Note 1).

There have been no changes to the Company's approach to capital management for the years presented.

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

**13. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>Year ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Loss for the year	\$ (349,913)	\$ (729,135)
Expected income tax recovery	\$ (94,000)	\$ (197,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(386,000)
Permanent differences	(3,000)	368,000
Share issue costs	(1,000)	-
Sale of subsidiaries	-	(723,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	308,000	(110,000)
Change in unrecognized deductible temporary differences	(210,000)	1,048,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

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

	<b>September 30,</b>	<b>September 30,</b>
	<b>2024</b>	<b>2023</b>
Deferred tax assets		
Exploration and evaluation assets	\$ 2,459,000	\$ 2,459,000
Equipment	57,000	57,000
Share issue costs	5,000	9,000
Allowable capital losses	11,901,000	11,901,000
Non-capital losses available for future periods	8,862,000	9,068,000
<b>Total unrecognized deferred tax assets</b>	<b>\$ 23,284,000</b>	<b>\$ 23,494,000</b>

Deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	<b>September 30,</b>	<b>Expiry date range</b>
	<b>2024</b>	
<b>Temporary differences</b>		
Exploration and evaluation assets	\$ 9,107,000	no expiry date
Equipment	212,000	no expiry date
Share issue costs	17,000	2024 to 2028
Allowable capital losses	44,077,000	no expiry date
Non-capital losses available for future periods in Canada	32,824,000	2026 to 2044

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

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

For the year ended September 30, 2024

(Expressed in Canadian dollars)

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**14. SUBSEQUENT EVENTS**

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Subsequent to September 30, 2024, the Company completed the following:

- On November 25, 2024, the Company elected to settle its option maintenance payment of \$33,500 by the issue of 670,000 common shares pursuant to the terms of the Marg project option agreement (Note 4).
- 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.