



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2024 and 2023

(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Belo Sun Mining Corp.

Opinion

We have audited the consolidated financial statements of Belo Sun Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

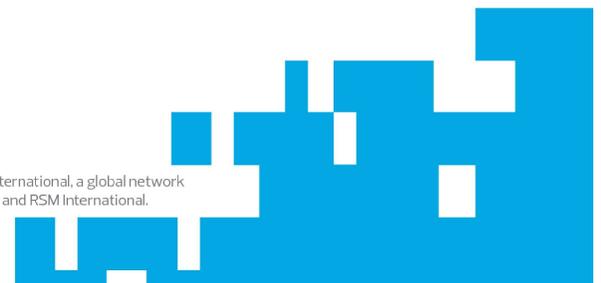
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment indicators on property, plant, and equipment (PP&E)

Refer to note 2e – Material accounting policies – Significant accounting judgments, estimates and assumptions, note 2j – Material accounting policies – Property, plant and equipment, note 4 – Mineral property development and exploration and development and note 7 - Property, plant and equipment to the consolidated financial statements.

The net book value of PP&E amounted to \$11,396,415 as at December 31, 2024. Management assesses at each reporting period-end whether there is an indication that PP&E may be impaired. If such indicator exists, the recoverable amount of the PP&E is estimated. The determination of whether there are indicators of impairment is a subjective process involving significant judgment and a number of estimates and interpretations. No impairment indicators were identified by management as at December 31, 2024.

We considered this a key audit matter due to (i) the significance of the PP&E balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment and the use of a management expert.



How our audit addressed the Key Audit Matter

Our approach to addressing the matter involved the following procedures, among others:

- Assessed the status of the Company's mining rights by inspecting mineral permit status and correspondence with relevant parties involved in licensing matters.
- Evaluated management's assessment of whether any rights were not expected to be reinstated, including the work of management's experts, which were used to evaluate the reasonableness of the current status of the Company's efforts to have the suspension of its construction license removed. As a basis for using this work as audit evidence, we evaluated the competence of management's expert, obtained an understanding of their work, and assessed the reasonableness of their conclusions.
- Assessed whether there has been a significant decline in the Company's market capitalization, which may indicate a decline in value of the Company's net assets.
- Assessed the adequacy of the disclosures in the consolidated financial statements to ensure that they were prepared in accordance with the requirements of the accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 19, 2025
Toronto, Ontario

Belo Sun Mining Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		\$ 10,881,610	\$ 15,101,994
Prepaid expenses and sundry receivables	3	234,777	256,163
Promissory notes receivable	6	234,621	228,080
		11,351,008	15,586,237
Non-current assets			
Property, plant and equipment	4, 7	11,396,415	10,586,391
Term investment	5	591,054	635,685
Total Assets		\$ 23,338,477	\$ 26,808,313
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 3,112,615	\$ 1,720,090
		3,112,615	1,720,090
Equity			
Share capital	10	263,929,644	262,771,769
Share-based payments reserve	11	2,785,676	4,284,152
Contributed surplus	12	82,169	71,680
Accumulated other comprehensive income		2,406,206	1,344,015
Deficit		(248,977,833)	(243,383,393)
Total Equity		20,225,862	25,088,223
Total Liabilities and Equity		\$ 23,338,477	\$ 26,808,313
Commitments and contingencies	18		
Subsequent events	20		

Approved on behalf of the Directors:

"Carol Fries"

Director

"Mark Eaton"

Director

Belo Sun Mining Corp.
Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

		Year ended December 31,	
	Notes	2024	2023
Expenses			
Salaries, wages and consulting fees	17	4,354,901	2,582,901
Accounting, audit and tax fees		323,556	111,787
Legal fees		398,677	452,103
General and administration		758,532	743,482
Depreciation	7	37,997	144,117
Share-based payments	11,12	205,866	943,340
Exploration and evaluation expenses	4	1,341,785	1,248,552
Permitting costs		137,979	242,409
Impairment of plant and equipment	7	-	5,274,653
Foreign exchange loss		541,837	33,844
Loss from operations		(8,101,130)	(11,777,188)
Interest income		800,850	1,060,240
Interest expense		-	(231)
Gain on asset disposal		11,987	-
Net loss for the year		(7,288,293)	(10,717,179)
Other comprehensive (loss) income			
Items that may be reclassified to profit/loss:			
Exchange differences on translating foreign operations		1,062,191	(373,869)
Comprehensive loss for the year		\$ (6,226,102)	\$ (11,091,048)
Loss per share:			
Basic and diluted	14	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding:			
Basic and diluted		455,182,688	455,055,248

Belo Sun Mining Corp.
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year ended December 31,	
		2024	2023
Cash (used in) provided by operations:			
Net loss		\$ (7,288,293)	\$ (10,717,179)
Items not involving cash:			
Share-based payments	11, 12	205,866	943,340
Depreciation	7	37,997	144,117
Interest income		(800,850)	(1,060,240)
Interest income received		794,309	1,041,040
Unrealized loss on foreign exchange		393,662	(464,337)
Impairment of plant and equipment		-	5,274,653
Working capital adjustments:			
Change in prepaid expenses and sundry receivables		21,386	(14,545)
Change in accounts payables and accrued liabilities		1,392,525	228,763
Net cash (used in) operating activities		(5,243,398)	(4,624,388)
Investing activities			
Expenditures on property, plant and equipment	4, 7	(8,998)	(42,173)
Return of long-term deposit	7	-	1,625,280
Promissory note repayment	6	-	244,115
Promissory note interest payment	6	-	75,885
Net cash (used in) / provided by investing activities		(8,998)	1,903,107
Financing activities			
Payment of principal portion of lease liability		-	(9,651)
Private placement	10	1,166,079	-
Cost of issuance	10	(8,204)	-
Net cash provided by / (used in) financing activities		1,157,875	(9,651)
Change in cash and cash equivalents		(4,094,521)	(2,730,932)
Cash and cash equivalents, beginning of the year		15,101,994	17,584,792
Effect of exchange rate on cash held		(125,863)	248,134
Cash and cash equivalents, end of the year		\$ 10,881,610	\$ 15,101,994
Cash and cash equivalents are comprised of:			
Cash in bank		\$ 9,380,793	\$ 13,343,849
Short-term money market instruments		1,500,817	1,758,145
		\$ 10,881,610	\$ 15,101,994

Belo Sun Mining Corp.
Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share-Based Payments Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2022	455,055,248	\$ 262,771,769	\$ 37,648	\$ 3,402,844	\$ 1,717,884	\$ (232,694,214)	\$ 35,235,931
Share-based compensation	-	-	34,032	909,308	-	-	943,340
Stock option expiry	-	-	-	(28,000)	-	28,000	-
Other comprehensive loss	-	-	-	-	(373,869)	-	(373,869)
Net loss	-	-	-	-	-	(10,717,179)	(10,717,179)
Balance, December 31, 2023	455,055,248	\$ 262,771,769	\$ 71,680	\$ 4,284,152	\$ 1,344,015	\$ (243,383,393)	\$ 25,088,223
Share-based compensation	-	-	10,489	195,377	-	-	205,866
Private placement	11,660,790	1,166,079	-	-	-	-	1,166,079
Cost of issuance	-	(8,204)	-	-	-	-	(8,204)
Stock option expiry	-	-	-	(1,693,853)	-	1,693,853	-
Other comprehensive loss	-	-	-	-	1,062,191	-	1,062,191
Net loss	-	-	-	-	-	(7,288,293)	(7,288,293)
Balance, December 31, 2024	466,716,038	\$ 263,929,644	\$ 82,169	\$ 2,785,676	\$ 2,406,206	\$ (248,977,833)	\$ 20,225,862

- See accompanying notes to these consolidated financial statements -

Belo Sun Mining Corp.
Notes to the consolidated financial statements
December 31, 2024 and 2023
(Expressed in Canadian dollars unless otherwise noted)

1. Nature of operations

Belo Sun Mining Corp. (“Belo Sun” or the “Company”), through its subsidiaries, is a gold exploration and development company engaged in the exploration and development of properties located in Brazil. The Volta Grande Gold project moved to the development stage in 2017 (Note 4). The other project is in the exploration and evaluation stage. The Company is a publicly listed company incorporated in the Province of Ontario. The Company’s shares are listed on the Toronto Stock Exchange and trade under the symbol “BSX”. The Company’s shares are also listing on the OTCQB venture market and trade under the symbol “BSXGF”. The Company’s head office is located at 198 Davenport Road, Toronto, Ontario, Canada, M5R 1J2.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, indigenous claims and non-compliance with regulatory and environmental requirements.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company’s mining assets that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, expropriation and currency exchange fluctuations and restrictions.

2. Material accounting policies

a) Statement of compliance

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), effective for the Company’s reporting for the year ended December 31, 2024. The policies as set out below were consistently applied to all the periods presented unless otherwise noted. The Board of Directors approved these annual consolidated financial statements for issue on March 19, 2025.

b) Basis of preparation

These consolidated financial statements were prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in Canadian dollars. They have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due for the foreseeable future.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

Belo Sun Mining Corp.
Notes to the consolidated financial statements
December 31, 2024 and 2023
(Expressed in Canadian dollars unless otherwise noted)

2. Material accounting policies (continued)

c) New and future accounting policies

New and amended accounting standards issued during the year:

The Company has adopted the following revised IFRS amendments effective January 1, 2024. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements of the Company.

IAS 1 – Presentation of Financial Statements and IFRS 2 Practice Statement 2

Effective January 1, 2024, the Company adopted the IASB's amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The adoption of these amendments did not have an impact on the Company's financial statements.

New accounting standards issued but not effective

IFRS 18 – Presentation and Disclosure in 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.

d) Principals of consolidation

(i) Subsidiaries

All entities in which the Company has a controlling interest are fully consolidated from the date that control commences until the date that control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Transactions eliminated on consolidation

Intercompany balances and transactions and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

2. Material accounting policies (continued)

e) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, on a prospective basis. The revision may affect current or both current and future periods.

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

- Impairment of property, plant and equipment

The Company assesses each Cash-Generating Unit (CGU) at period end, to determine whether there are any indications of impairment or reversal of impairment. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of the fair value less cost of disposal and value in use calculated in accordance with accounting policy. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, exchange rates, sustaining capital requirements, operating performance (including the magnitude and timing of related cash flows, production levels and grade of ore being processed), future operating development from certain identified development or exploration targets where there is high degree of confidence in the economic extraction of minerals and conversion of resources (measured and indicated and inferred) and their estimated fair value, including those factors that could be impacted by the Company's current and emerging principal risks such as climate change.

- Recognition of deferred tax assets

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

- Title to land

In assessing the recognition of land acquired with deferred payment terms as an asset, management must make an assumption as to whether the title of the land has passed. Management has determined that the Company has obtained title to the land upon execution of the land purchase agreements as outlined within the agreements themselves.

2. Material accounting policies (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

- Share-based payments

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

- Assessment of the project stage for mineral properties and activities

In determining whether the Company is in the exploration and evaluation stage or the development stage, management must make an assessment as to whether the technical feasibility and commercial viability of extracting the mineral resource are demonstrable. Management assesses several considerations including technical studies performed by consultants and the status of licences to make this assessment. Effective February 2, 2017, management's judgement was that the Company has moved into the development stage on the Volta Grande project as the Company has received its construction licence and has awarded a contract for the first phase of Engineering, Procurement and Construction ("EPC"), despite the interim suspension of the licence (Note 4).

- Valuation of promissory notes receivable

Estimating the fair value of the promissory notes receivable requires the use of assumptions, the most significant being the discount rate.

- Collectability of promissory notes receivable

Management makes an assessment of whether the promissory notes receivable are collectable for each recipient based on payment history and financial condition. These estimates are continuously evaluated and updated.

- Determination of functional currency

Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). Judgment is necessary in assessing each entity's functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.

- Contingencies

Refer to Note 18.

f) Presentation and functional currency

The Company's consolidated financial statements are presented in Canadian dollars. The Company's functional and presentation currency is the Canadian dollar. The Company's subsidiaries' functional currency is the United States dollar. References to R\$ refer to the Brazilian Real.

2. Material accounting policies (continued)

g) Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the historical rate effective on the date of the transactions. All foreign currency adjustments are expensed, apart from adjustments on borrowing in foreign currencies, constituting a hedge for the net investment in a foreign entity. These adjustments are allocated directly to equity until the divestiture of the net investment.

Financial statements of subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars as follows: all asset and liability accounts are translated at the period-end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as exchange differences on translating foreign operations in Accumulated Other Comprehensive Income ("AOCI").

h) Cash and cash equivalents

Cash and cash equivalents consist of cash in banks, short-term money market instruments, call deposits and other highly liquid investments with initial maturities of three months or less. Investments in securities, investments with initial maturities greater than three months without an early redemption feature and bank accounts subject to restrictions, other than restrictions due to regulations specific to a country or activity sector (exchange controls, etc.) are not presented as cash equivalents but as financial assets.

i) Derivative financial instruments

The Company does not use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

2. Material accounting policies (continued)

j) Property, plant and equipment

(i) Assets owned by the Company

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost as well as the costs directly attributable to bring the asset to the location and condition necessary for its use in operations. Depreciation is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

(ii) Subsequent costs

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the statement of comprehensive loss as an expense as incurred.

(iii) Mining assets under construction

When a mining project reaches the development phase, subsequent costs are capitalized to mine development costs in property, plant and equipment. The development expenditures are capitalized.

Mining assets under construction consist of property, plant and equipment costs incurred in the course of development and are not depreciated. On completion of construction or development, costs are transferred to property, plant and equipment and/or mining properties as appropriate based on the following criteria:

- Production capacity achieved;
- Recovery grade;
- Completion of reasonable period of testing of the mine plant and equipment;
- Stage of completion of development work;
- Completion of the planned capital expenditures.

(iv) Depreciation

Depreciation is charged to the statement of comprehensive loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- Vehicles 5 years
- Furniture and office equipment 5 to 25 years
- Mining equipment 10 years

2. Material accounting policies (continued)

k) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights, property option payments and exploration and evaluation activities (including care and maintenance costs).

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved, related development expenditures incurred thereafter are capitalized. This includes costs incurred in preparing the site for mining operations, which are recorded in mining assets under construction in property, plant and equipment.

l) Financial instruments

The Company has classified all financial instruments as amortized cost.

Financial assets are measured at amortized cost if it meets both of the following conditions and is not designated as Fair Value Through Profit or Loss ("FVTPL"):

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models. Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Material accounting policies (continued)

l) Financial instruments (continued)

At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and Fair Value through Other Comprehensive Income (“FVOCI”). For the impairment of financial assets, a loss allowance for expected credit losses is recognized in Other Comprehensive Income (“OCI”) for financial assets measured at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to FVTPL instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12- month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

Financial liabilities are measured at amortized cost. A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net earnings.

m) Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

2. Material accounting policies (continued)

n) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Company also has a deferred share unit ("DSU") plan. The plan allows for the settlement of DSUs in cash or in shares of the Company at the election of the Company. The Company's expectation is the DSUs will be settled in shares. The Company has purchased its own shares which are held in trust to settle DSUs, as a result, there is no present obligation to settle in cash. Therefore, the value of the DSUs are recorded as equity. Any shares purchased and held in treasury for the purposes of settling the DSUs are recorded as a reduction of contributed surplus.

o) Impairment of non-financial assets

When events or changes in the economic environment indicate a risk of impairment to property, plant and equipment, an impairment test is performed to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Recoverable amount is defined as the higher of an asset's fair value (less costs of disposal) and its value in use. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

2. Material accounting policies (continued)

p) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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2. Material accounting policies (continued)

q) Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

r) Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and included in profit or loss as extraction progresses.

3. Prepaid expenses and sundry receivables

	December 31, 2024	December 31, 2023
Amounts receivables and other advances	\$ 32,961	\$ 40,096
Reimbursable court fees pending appeal	39,374	46,429
HST receivable	85,668	85,958
Prepaid insurance	76,774	83,680
	\$ 234,777	\$ 256,163

The Company has paid fees with respect to appeal proceedings which are expected to be reimbursed. The Company expects to be reimbursed the balance, R\$169,205 (\$39,374) (December 31, 2023: R\$170,318 (\$46,429)), upon successful judgment.

4. Mineral property development and exploration and development

The Company has determined that it has moved into the development stage for its Volta Grande Project upon receiving its construction license in February 2017 and awarding a contract for the first phase of EPC, despite the interim suspension of the license received in April 2017. The Company appealed the suspension and, in December 2017, received notice that the suspension would be upheld until an indigenous study was completed in accordance with regulatory guidelines. Since then, the Company's focus has been on completing the indigenous study and limited exploration work. The construction license expired and was to be renewed on February 2, 2020. The Company filed its renewal application in September 2019. The application is pending government approval.

The Volta Grande Gold Project comprises 4 mine concessions submitted, 3 applications for public tender, 11 exploration permits, and 62 exploration permit extensions submitted and to be submitted in 2019, covering a total area of 158,650 hectares; it is located in municipalities including Senador José Porfírio, Anapu, Vitória do Zingu and Pacajá, in the southern region of Pará State in northern Brazil. The Volta Grande Project is located on the Xingu River, north of the Carajás mineral province, approximately 60 km southeast of the city of Altamira. Development costs have been capitalized effective February 2, 2017. The Company continues to incur costs that are not related to the development of the project, and these are expensed to the consolidated statement of comprehensive loss as exploration and evaluation expenses. Exploration and evaluation expenditures expensed immediately in the consolidated statement of comprehensive loss for the year ended December 31, 2024 amounted to \$1,341,785 (year ended December 31, 2023: \$1,248,552). No amounts were capitalized to property, plant and equipment during the year ended December 31, 2024 (\$Nil during the year ended December 31, 2023) related to mine assets under construction.

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5. Term investment

The investment consists of a term deposit with Banco do Brasil SA to fund the potential amounts owing to Companhia de Pesquisa de Recursos Minerais (“CPRM”). As at December 31, 2024, the balance in this account was R\$2,539,981 (\$591,054) (December 31, 2023: R\$2,331,935 (\$635,685)) and the Company earned 8.9% in interest for the year ended December 31, 2024 (December 31, 2023: 10.62%). The Company intends to renew the term deposit on maturity because it is security against the potential amount owing to the CPRM, a Brazilian state-owned company (Note 18 (1)).

6. Promissory notes receivable

In April 2018, certain directors and officers of the Company (“the Supporting Directors”) agreed to acquire an aggregate of 29,850,746 common shares of the Company at a price of \$0.335 per share by a private purchase from an existing shareholder for the purposes of supporting the Company’s share price and further align their interests with those of the Company’s shareholders. The Supporting Directors each acquired the number of common shares as follows: Stan Bharti 12,932,835 common shares; Peter Tagliamonte 12,932,835 common shares; Denis Arsenault 2,985,076 common shares; Mark Eaton 1,000,000 common shares.

To facilitate the Supporting Directors with the foregoing purchases, the Company loaned them an aggregate amount of \$10,000,000. Unsecured promissory notes were entered into with each of the Supporting Directors for their respective loans. Under the original terms of the promissory notes, the Company received a per annum interest rate of LIBOR plus 1%, payable on each one-year anniversary of the loans. The principal amount of the loans was due and payable, together with all accrued and unpaid interest thereon, on April 23, 2020. Upon the sale of any shares of the Company acquired with the principal by the recipient, a portion of the principal equal to the amount of the proceeds realized from such sale shall become immediately due. Given the credit worthiness of the recipients, the Company believes credit risk is remote and has not recorded an expected loss.

In May 2019, Mark Eaton repaid his note in full. In September 2019, Denis Arsenault repaid \$444,000 of his loan and paid an additional \$84,627 in March 2020. In December 2019, Peter Tagliamonte repaid \$400,000 of his loan and paid an additional \$15,856 in April 2020.

On April 23, 2020, Denis Arsenault and Stan Bharti repaid their loans. Peter Tagliamonte repaid his annual interest owing on April 23, 2020 of \$79,987. Peter Tagliamonte’s loan repayment date was extended to April 23, 2022, and the loan principal of \$3,916,644 remained payable. The interest rate was amended to a per annum interest rate of LIBOR, payable on each one-year anniversary of the loan.

In April 2021, Peter Tagliamonte repaid his annual interest owing of \$11,239.

In April 2022, Peter Tagliamonte repaid interest owing of \$89,088 and his loan repayment date was extended to October 23, 2022. The interest rate remained unchanged.

In July 2022, Peter Tagliamonte repaid \$2,500,000 of principal owing on the loan, and in August 2022, he repaid \$956,022 of principal owing on the loan.

In October 2022, Peter Tagliamonte’s loan repayment date was extended to October 23, 2023 under the existing terms, with the loan principal of \$460,622 remaining payable.

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6. Promissory notes receivable (continued)

During 2023, Peter Tagliamonte repaid loan interest of \$75,885 and repaid loan principal of \$244,115 with loan principal of \$216,507 remaining payable. To date, the remaining balance has not been repaid. The loan is currently overdue as the repayment date has not been extended and the loan continues to accrue interest after the repayment date. The Company is working with the borrower to arrange repayment as soon as possible.

As at December 31, 2024, the Company recognized a carrying value of \$234,621 with respect to these promissory notes (December 31, 2023: \$228,080). Interest income of \$6,541 was recognized for the year ended December 31, 2024 (year ended December 31, 2023: \$19,200).

	December 31, 2024	December 31, 2023
Opening balance	\$ 228,080	\$ 528,880
Interest accrued	6,541	19,200
Interest repaid	-	(75,885)
Principal repaid	-	(244,115)
Ending balance	\$ 234,621	\$ 228,080

7. Property, plant and equipment

Cost	Mine assets under construction						Total
	Vehicles	Furniture & equipment	Mining equipment	Right of use assets	Land		
Balance, December 31, 2022	\$ 585,439	\$ 1,997,812	\$ 852,664	\$ 213,713	\$ 4,481,840	\$ 10,692,444	\$ 18,823,912
Additions	-	1,409	40,764	-	-	-	42,173
Fully amortized assets no longer in use	(7,294)	(53,021)	(33,916)	(203,852)	-	-	(298,083)
FX adjustment	34,810	(120,963)	(137,656)	(9,861)	(40,123)	(285,533)	(559,326)
Balance, December 31, 2023	612,955	1,825,237	721,856	-	4,441,717	10,406,911	18,008,676
Additions	-	1,594	7,404	-	-	-	8,998
Fully amortized assets no longer in use	(390,632)	-	-	-	-	-	(390,632)
FX adjustment	19,550	106,053	89,209	-	-	915,110	1,129,922
Balance, December 31, 2024	\$ 241,873	\$ 1,932,884	\$ 818,469	\$ -	\$ 4,441,717	\$ 11,322,021	\$ 18,756,964
<i>Accumulated depreciation and impairment</i>							
Balance, December 31, 2022	\$ 585,439	\$ 1,082,457	\$ 812,997	\$ 127,509	\$ -	\$ -	\$ 2,608,402
Charge for the year	-	25,949	3,184	114,984	-	-	144,117
Fully amortized assets no longer in use	(7,294)	(53,021)	(33,916)	(203,852)	-	-	(298,083)
Impairment	-	832,936	-	-	4,441,717	-	5,274,653
FX adjustment	34,810	(160,565)	(142,408)	(38,641)	-	-	(306,804)
Balance, December 31, 2023	612,955	1,727,756	639,857	-	4,441,717	-	7,422,285
Charge for the year	-	34,309	3,688	-	-	-	37,997
Fully amortized assets no longer in use	(390,632)	-	-	-	-	-	(390,632)
FX adjustment	19,550	140,796	130,553	-	-	-	290,899
Balance, December 31, 2024	\$ 241,873	\$ 1,902,861	\$ 774,098	\$ -	\$ 4,441,717	\$ -	\$ 7,360,549
Net book value, December 31, 2023	\$ -	\$ 97,481	\$ 81,999	\$ -	\$ -	\$ 10,406,911	\$ 10,586,391
Net book value, December 31, 2024	\$ -	\$ 30,023	\$ 44,371	\$ -	\$ -	\$ 11,322,021	\$ 11,396,415

No development costs were incurred or capitalized to mine assets under construction during the year ended December 31, 2024 (December 31, 2023: \$nil). Depreciation for the year ended December 31, 2024 was \$37,997 (year ended December 31, 2023: \$144,117). Since the mining property is in the development stage, the mine assets under construction are not amortized.

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7. Property, plant and equipment (continued)

During the year ended December 31, 2018, the Company amended its agreement to purchase a Semi-Autogenous Grinding (“SAG”) mill and a letter of credit was issued by the vendor. The credit of US\$1,200,000 (\$1,588,800) was to be applied against the purchase of a new SAG mill from the vendor. In March 2023, the Company terminated this agreement and this credit was returned to the Company.

Impairment

For the year ended December 31, 2023, the Company recorded an impairment expense of \$5,274,653 for non-current assets. The impairment loss recognized in net loss was related to assets held in Brazil. In 2024, there was \$nil impairment expense.

Impairment indicators and testing

The Company assesses each Cash-Generating Unit (CGU) at each reporting date, to determine whether there are any indicators of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The Company has one CGU.

Recoverable amount is the higher of the fair value less cost of disposal and value in use calculated in accordance with the accounting policy in Note 2.

As at December 31, 2023, the market capitalisation of the Company was below the net book value of net assets which is considered an indicator of impairment. The Company has undertaken impairment testing for its CGU. The CGU comprised of the Brazilian mineral property. As at December 31, 2024, there were no indicators of impairment.

Key assumptions and sensitivities used for 2023 impairment assessment performed

For the 2023 impairment assessment performed, the recoverable amount of the Company's CGU has been assessed by reference to the value in use (“VIU”).

The Company used discounted cash flow techniques based on the detailed “life of mine” production plan which reflects the net cash flows expected to be realised from extraction, processing and sale of mineral reserves based on the Company's most recently published Resource and Reserve Statement.

The key assumptions used in the assessment were: gold price (US\$2,025 per ounce) and pre-tax discount rate (43.7%).

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7. Property, plant and equipment (continued)

Commodity prices and exchange rates

For the 2023 impairment assessment performed, commodity price and foreign exchange rates were estimated with reference to external market forecasts including brokers' average for the short term and medium term, and views of management for the long term.

Discount rate

For the 2023 impairment assessment performed, in determining the fair value of a CGU, the future cash flows were discounted using rates based on the Company's estimated real after tax weighted average cost of capital ("WACC"), for each functional currency applicable to the CGU, having regard to the geographic location of, and specific risks associated with the CGU.

Production activity, operating costs and capital requirements

For the 2023 impairment assessment performed, life-of-mine operating and capital cost assumptions were based on the Company's latest budget and life of mine plans for operating mines adjusted for inflation.

8. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
Mineral properties suppliers and contractors	\$ 344,551	\$ 415,635
Property taxes	1,024,442	1,026,870
ANM taxes	1,099	1,287
Corporate payables	1,597,523	183,298
Audit and other accruals	145,000	93,000
	\$ 3,112,615	\$ 1,720,090

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9. Lease liabilities

The Company's leases consisted of premise and equipment leases. The contractual terms of the leases had all terminated as of December 31, 2023. At the end of the lease term, all leases converted to monthly leases with no set contractual period. The Company recognized an interest expense of \$231 related to these leases for the year ended December 31, 2023.

10. Share capital

As at December 31, 2024 and 2023, the Company's authorized number of common shares was unlimited without par value and an unlimited number of special shares. The special shares have the same features as the common shares with the exception that the special shares take preference over the common shares in the event of liquidation, dissolution or winding up of the Company. The special shares are entitled to the same dividend rights as common shares. No special shares are outstanding.

	Number of Shares	Amount
Balance, December 31, 2022 and December 31, 2023	455,055,248	\$ 262,771,769
Private placement	11,660,790	1,166,079
Cost of issue		(8,204)
Balance, December 31, 2024	466,716,038	\$ 263,929,644

On December 27, 2024, the Company closed a private placement issuing a total of 11,660,790 common shares of the Company at a price of \$0.10 per common share for gross cash proceeds of \$1,166,079.

11. Share-based payments reserve

Stock options

The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent to up to 10% of the issued and outstanding shares of the Company. In accordance with the terms of the Plan, officers, non-independent directors, employees and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. Options under the Plan which have been exercised or which have expired shall be available for subsequent grants. The option vesting terms are determined at the discretion of the Board of Directors.

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11. Share-based payments reserve (continued)

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

	Number of Options	Weighted average exercise prices	Carrying amount
December 31, 2022	7,450,000	\$0.84	\$ 3,402,844
Granted	5,754,979	\$0.08	350,501
Vested	-	\$0.00	558,807
Expired/cancelled	(200,000)	\$0.23	(28,000)
December 31, 2023	13,004,979	\$0.51	\$ 4,284,152
Vested	-	\$0.00	195,377
Expired/cancelled	(3,000,000)	\$0.89	(1,693,853)
December 31, 2024	10,004,979	\$0.40	\$ 2,785,676

The following stock options were outstanding as at December 31, 2024:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Black-Scholes inputs			
					Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
3,250,000	3,250,000	27-Jul-20	27-Jul-25	\$ 0.80	84%	5	0%	0.35%
1,000,000	750,000	4-Jan-21	4-Jan-26	\$ 0.97	84%	5	0%	0.39%
5,243,698	5,243,698	11-Apr-23	11-Apr-28	\$ 0.08	103%	5	0%	3.06%
511,281	511,281	3-May-23	3-May-28	\$ 0.07	104%	5	0%	2.87%
10,004,979	9,754,979			\$ 0.40				

During the year ended December 31, 2024, no stock options were granted. The Company recorded \$195,377 in stock-based compensation expense for the year ended December 31, 2024 (year ended December 31, 2023: 5,754,979 options were granted, and \$909,308 in stock-based compensation expense was recorded). The weighted average life of the outstanding options at December 31, 2024 is 2.18 years (December 31, 2023: 2.87 years). The unvested stock options for the January 4, 2021 grant vest in four equal installments annually on the anniversary of the grant, with the first tranche vesting 12 months from the grant date. The stock options for the July 27, 2020 grant vested in four equal installments annually on the anniversary of the grant, with the first tranche vesting 12 months from the grant date. The stock options granted on April 11, 2023 vested in nine equal installments each month for nine months from the grant date, with the first tranche vesting on grant date. The stock options granted on May 3, 2023 vested in eight equal installments each month for eight months from the grant date, with the first tranche vesting on grant date.

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12. Contributed surplus

Deferred Share Unit Incentive Plan

In 2016, the Company approved and adopted a Deferred Share Unit (“DSU”) incentive plan. In accordance with the terms of the plan, officers, directors and employees of the Company may be granted DSUs. Each vested DSU held shall be redeemed by the Company at the time that the holder ceases to be an officer, director or employee of the Company. The DSUs can be redeemed, at the election of the Company, in cash or in shares of the Company, either held in treasury (subject to shareholder approval) or purchased in the secondary market by a trustee. If the holder of a DSU ceases to be an officer, director or employee of the Company prior to vesting, other than in the event of a change of control, the DSUs shall be deemed cancelled. In the event of a change of control, or termination without cause, each DSU shall automatically vest and be redeemed.

As at December 31, 2024, 14,739,750 DSU's were outstanding (December 31, 2023: 16,739,750).

As at December 31, 2024, 14,508,250 shares are held in trust with an independent trustee at a total recorded cost of \$5,629,981 (December 31, 2023: 16,508,250 shares at a cost of \$6,229,900) which is included in contributed surplus. The Company is the beneficiary of the shares held and the Company has full control of these shares. Vesting charges are applied against contributed surplus.

On August 3, 2022, 250,000 DSUs were granted to a director of the Company with a value per DSU of \$0.38, where one-third vested immediately on grant, one-third vested on August 3, 2023, and the final third vested on August 3, 2024.

The following table displays the vesting activity for outstanding DSUs:

	Vested	Unvested	Total
December 31, 2022	16,573,083	166,667	16,739,750
Vested, previously granted DSUs	83,333	(83,333)	-
December 31, 2023	16,656,416	83,334	16,739,750
Vested, previously granted DSUs	83,334	(83,334)	-
Paid out	(2,000,000)	-	(2,000,000)
December 31, 2024	14,739,750	-	14,739,750

During the year ended December 31, 2024, \$10,489 was recorded as share-based compensation expense related to vested DSUs on the consolidated statements of comprehensive loss (year ended December 31, 2023: \$34,032).

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13. Operating segments

Geographical information

The Company operates in Canada where its head office is located and in Brazil where its exploration and development properties are located. Information about the Company's assets by geographical location is detailed below.

	Current assets	Property, plant and equipment	Other non-current assets	Total Assets
December 31, 2023				
Canada	\$ 13,004,274	\$ 19,985	\$ -	\$13,024,259
Brazil	2,581,963	10,566,406	635,685	13,784,054
	<u>\$ 15,586,237</u>	<u>\$ 10,586,391</u>	<u>\$ 635,685</u>	<u>\$ 26,808,313</u>
December 31, 2024				
Canada	\$ 9,038,968	\$ 19,985	\$ -	\$ 9,058,953
Brazil	2,312,040	11,376,430	591,054	14,279,524
	<u>\$ 11,351,008</u>	<u>\$ 11,396,415</u>	<u>\$ 591,054</u>	<u>\$ 23,338,477</u>

In the year ended December 31, 2024, net losses of \$4,630,921 and \$2,657,372 were attributed to Canada and Brazil, respectively (year ended December 31, 2023 - \$3,203,424 and \$7,513,755, respectively).

14. Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants and contracts to be settled in shares, in the weighted average number of common shares outstanding during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options, warrants and contracts to be settled in shares would be anti-dilutive.

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15. Financial instruments

Financial assets and financial liabilities as at December 31, 2024 and 2023 were classified as follows:

December 31, 2023	Assets at amortized cost	Liabilities at amortized cost	Total
Cash and cash equivalents	\$ 15,101,994	\$ -	\$ 15,101,994
Promissory notes receivable	228,080	-	228,080
Term investment	635,685	-	635,685
Accounts payable and accrued liabilities	-	(1,720,090)	(1,720,090)

December 31, 2024	Assets at amortized cost	Liabilities at amortized cost	Total
Cash and cash equivalents	\$ 10,881,610	\$ -	\$ 10,881,610
Promissory notes receivable	234,621	-	234,621
Term investment	591,054	-	591,054
Accounts payable and accrued liabilities	-	(3,112,615)	(3,112,615)

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The carrying value of cash and cash equivalents, promissory note receivable and accounts payable and accrued liabilities approximates fair value due to their short-term nature. The carrying value of the term investment is at cost plus accrued interest which approximates fair value.

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15. Financial instruments (continued)

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the year ended December 31, 2024.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparties related to its cash and cash equivalents and term investment carry an investment grade rating as assessed by external rating agencies. The Company maintains all of its cash and cash equivalents and term investment with major Canadian and Brazilian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's promissory note is held by Peter Tagliamonte. Management has assessed the credit risk associated with this promissory note and based on the credit-worthiness of the party involved, the Company has assessed the chance of loss as remote.

The Company's maximum exposure to credit risk at the statement of financial position date is the carrying value of cash and cash equivalents, promissory notes receivable and term investments.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at December 31, 2024, the Company had current assets of \$11,351,008 to settle current liabilities of \$3,112,615. Approximately \$2,087,000 of the Company's financial liabilities as at December 31, 2024 have contractual maturities of less than 30 days and are subject to normal trade terms. Of these current liabilities, approximately \$2,024,000 has been payable for over 180 days.

Market risk

(a) Interest rate risk

The Company's cash and cash equivalents, term investments, and promissory note are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase.

Based on cash and cash equivalents, term deposit and promissory note balances on hand at December 31, 2024, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately \$12,000 (December 31, 2023 - \$16,000).

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15. Financial instruments (continued)

(b) Currency risk

Foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's currency risk arises primarily with respect to the United States dollar and Brazilian Real. Fluctuations in the exchange rates between these currencies and the Canadian dollar could materially affect the Company's business, financial condition, and results of operations. The Company does not mitigate this risk with hedging activity.

A strengthening of \$0.01 in the United States dollar against the Brazilian Real would have increased net loss by approximately \$8,500 for the year ended December 31, 2024 (year ended December 31, 2023 - \$11,600). A strengthening of \$0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately \$1,400 for the year ended December 31, 2024 (year ended December 31, 2023 - \$2,400).

16. Capital management

The Company includes equity, comprised of issued common shares, share-based payment reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's Volta Grande property is in the development stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of the mining projects, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the year ended December 31, 2024. The Company is not subject to externally imposed capital requirements.

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17. Related party disclosures

The consolidated financial statements include the financial statements of the Company and the subsidiaries at their respective ownership listed in the following table.

	Country of incorporation	% equity interest
Belo Sun Mineracao Ltda	Brazil	100
Intergemas Mineracao e Industrailizacao Ltda	Brazil	100
Aubras Mineracao Ltda	Brazil	98
Oca Mineracao Ltda	Brazil	100
Sun Exploracao Mineral Ltda.	Brazil	100

During the year ended December 31, 2024 and 2023, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods/services	
	Year ended December 31,	
	2024	2023
2227929 Ontario Inc.	\$ 60,000	\$ 60,000
Directors' promissory notes interest	6,541	19,200

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly fee of \$5,000. Costs paid to 2227929 Ontario Inc. are recorded in general and administrative expenses on the consolidated statement of loss.

The following balances included in the Company's accounts were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Directors and officers of the Company	\$ 234,621	\$ 228,080	\$ 331,910	\$ 53,049

Amounts owed by related parties reflect the promissory notes entered into with directors of the Company in April 2018.

The amounts owed to related parties are recorded in accounts payable and accrued liabilities. They are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods for expected credit loss in respect of the amounts owed by related parties.

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17. Related party disclosures (continued)

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the period were as follows:

	Year ended December 31,	
	2024	2023
Short-term benefits	\$1,418,528	\$ 1,211,650
Share-based payments	163,028	695,016
DSU expense	7,792	34,032
	\$1,589,348	\$ 1,940,698

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

18. Commitments and contingencies

- Under a renegotiated agreement with CPRM in March 2008, the Company maintains an interest-bearing term deposit to cover the future debt obligation plus applicable interest (Note 5). In July 2021, the Company again renegotiated its agreement with CPRM. As a result of this renegotiation, the Company paid R\$1,800,000 (\$444,060) to CPRM in 2021 and it was agreed that the Company would pay CPRM R\$6,871,711 (\$1,599,000) upon the issuance of its mining license. The Company had not received its mining license as at December 31, 2024 and as such, no amounts were accrued at year end.
- Minimum commitments relating to management contracts to be made for termination without cause were approximately \$2,393,000 at December 31, 2024. These contracts require that additional payments of up to \$6,386,000 be made upon the occurrence of certain events such as a change of control of the Company. The change of control commitment includes a component based on the Company's current share price. As a result of this inclusion, the change of control commitment reported increases or decreases in relation to the change in share price during the period.
- The Company has agreed with INCRA to provide 60 months of support for any resettled citizens resulting from the Company's mining activities at its Volta Grande Project. The Company's obligation is contingent on resettlement of citizens. No resettlement has occurred to date and as such, no payments have been made nor any expenses accrued in relation to this agreement.
- The Federal Constitution of Brazil has established that the States, municipalities, federal district and certain agencies of the federal administration are entitled to receive royalties for the exploitation of mineral resources by holders of mining concessions (including extraction permits). The royalty rate for gold is currently 1.5% - Federal law 13,540/17 - arising from the sale of the mineral product, less the sales taxes of the mineral product. No royalties are currently due.

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18. Commitments and contingencies (continued)

5. The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations other than certain employment contract litigations that are ongoing. The Company has not disclosed the information pertaining to certain employment contract litigations so as to not prejudice the Company's position in defending litigation.
6. The Company's mining, exploration and development activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public safety, health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
7. Peter Tagliamonte, a former officer and director of the Company has initiated a legal action against the Company seeking approximately \$3,700,000 in relation to a purported breach of contract and relating to his dismissal as an officer of the Company. The Company intends to defend the matter vigorously and is confident in its position.

19. Income taxes

The following table reconciles income taxes calculated at a combined Canadian federal and provincial tax rate with income tax expense in these audited annual consolidated financial statements.

	2024	2023
Loss before income taxes	7,288,293	10,717,179
Statutory rate	26.5%	26.5%
Expected income tax recovery	1,931,398	2,840,052
Change in unrecognized deferred tax assets	2,231,700	(3,335,300)
Non-deductible expenses and permanent differences	(55,001)	(250,476)
Change in foreign exchange rates	(4,310,930)	185,287
Effect of foreign tax rates and other	202,833	560,437
Income tax expense	-	-

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19. Income taxes (continued)

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

	2024	2023
Deferred income tax assets and liabilities:		
Capital and non-capital tax losses carried forward	27,701,600	27,550,600
Capital assets	(585,600)	(208,000)
Unusued foreign exploration and evaluation expenses	12,168,100	14,174,900
Share issue costs	1,700	-
Net deferred income tax assets and liabilities	39,285,800	41,517,500
Unrecognized deferred tax assets	(39,285,800)	(41,517,500)
Deferred income tax asset (liability)	-	-

As at December 31, 2024, the Company has Canadian non-capital losses carried forward for income tax purposes available to reduce taxable income in future years of \$66,864,400 expiring as follows:

2026	\$	481,900
2027		1,083,600
2028		869,700
2029		664,700
2030		2,166,200
2031		2,778,900
2032		5,485,200
2033		6,917,700
2034		4,899,500
2035		5,893,000
2036		5,559,400
2037		5,330,900
2038		3,619,100
2039		4,184,600
2040		4,182,100
2041		3,636,900
2042		2,559,900
2043		2,153,500
2043		4,397,600
		66,864,400

20. Subsequent events

On February 4, 2025, the Company granted 11,675,000 options with an exercise price of \$0.24 expiring February 4, 2030. The options vest one third on grant date, one third in one year and one third in two years.

On February 4, 2025, the Company granted 2,150,000 DSUs. The DSUs vest one third on grant date, one third in one year and one third in two years.