



BMC MINERALS LTD.

Consolidated Financial Statements and Independent Auditors' Report thereon

Years ended June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BMC Minerals Ltd.

Opinion

We have audited the consolidated financial statements of BMC Minerals Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at June 30, 2024 and June 30, 2023
- the consolidated statements of loss (income) and other comprehensive loss (income) for the years then ended
- the consolidated statement of changes in equity for the years then ended
- the consolidated statement of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2024 and June 30, 2023, and its consolidated financial performance and its consolidated 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (b) in the financial statements, which indicates that the Entity has no current sources of revenues, has realized operating losses for all the periods presented and will need to raise additional financing over the course of calendar years 2024 and 2025.

As stated in Note 1 (b) in the financial statements, these events or conditions, along with other matters as set forth in Note 1 (b) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 as issued by the International Accounting Standards Board, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Chartered Professional Accountants



Vancouver, Canada
September 24, 2024

BMC MINERALS LTD.

Consolidated Statements of Financial Position
(Tabular amounts expressed in thousands of U.S. dollars)

	Notes	As at June 30, 2024	As at June 30, 2023
Assets			
Current assets:			
Cash and cash equivalents		\$ 12,181	\$ 7,146
Receivables and other assets		261	286
		12,442	7,432
Non-current assets:			
Receivables and other assets		56	58
Restricted cash	13(b)	223	223
Property, plant and equipment	3	540	588
Exploration and evaluation assets	4	48,308	48,308
		49,127	49,177
Total assets		\$ 61,569	\$ 56,609
Liabilities			
Current liabilities:			
Trade and other payables		\$ 1,299	\$ 908
Current portion of lease payable	5	44	37
		1,343	945
Non-current liabilities:			
Lease payable	5	11	37
Convertible note payable	6	23,260	22,320
Precious metals financing	6	46,923	31,464
		70,194	53,821
Total liabilities		71,537	54,766
Equity (Deficiency):			
Share capital	11	104,890	90,140
Accumulated other comprehensive income		(1,246)	(121)
Accumulated losses		(113,612)	(88,176)
		(9,968)	1,843
Total liabilities and equity		\$ 61,569	\$ 56,609

The notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:



Director



Director

BMC MINERALS LTD.

Consolidated Statements of Loss (Income) and Other Comprehensive Loss (Income)
(Tabular amounts expressed in thousands of U.S. dollars)

	Notes	June 30, 2024	June 30, 2023
Exploration and evaluation expenses	7	\$ 6,565	\$ 4,417
Administration expenses		1,632	2,322
Operating loss		8,197	6,739
Finance expense	9	1,965	1,798
Fair value loss on convertible note	6	470	1,410
Fair value loss on precious metals financing	6	14,665	3,984
Loss before taxes		25,297	13,931
Deferred income tax expense	10	139	828
Net loss		25,436	14,759
Items that may not be reclassified subsequently to net loss:			
Change in fair value of convertible note			
attributable to change in credit risk	6	470	340
Change in fair value of precious metals financing			
attributable to change in credit risk	6	794	2,725
Tax effect	10	(139)	(828)
Total comprehensive loss		\$ 26,561	\$ 16,996
Loss per share - basic and diluted	11	\$ 0.27	0.17

The notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity
(Tabular amounts expressed in thousands of U.S. dollars)

	Share capital	Accumulated income (loss)	Accumulated other comprehensive income (loss)	Total equity
Balance at June 30, 2022	79,227	(73,417)	2,116	7,926
Issue of shares, net of share issue costs (note 11)	10,913	-	-	10,913
Net loss for the year	-	(14,759)	-	(14,759)
Other comprehensive loss (note 6)	-	-	(2,237)	(2,237)
Balance at June 30, 2023	\$ 90,140	\$ (88,176)	\$ (121)	\$ 1,843
Balance at June 30, 2023	90,140	(88,176)	(121)	1,843
Issue of shares, net of share issue costs (note 11)	14,750	-	-	14,750
Net loss for the year	-	(25,436)	-	(25,436)
Other comprehensive loss (note 6)	-	-	(1,125)	(1,125)
Balance at June 30, 2024	\$ 104,890	\$ (113,612)	\$ (1,246)	\$ (9,968)

The notes are an integral part of these financial statements.

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Consolidated Statements of Cash Flows
(Tabular amounts expressed in thousands of U.S. dollars)

	Notes	June 30, 2024	June 30, 2023
Cash provided by (used in):			
Operating activities:			
Payments to suppliers and employees		\$ (7,731)	\$ (6,664)
Interest received (paid)		8	6
		(7,723)	(6,658)
Investing activities:			
Acquisition of property, plant and equipment		(142)	(564)
Acquisition of exploration and evaluation assets		-	(661)
		(142)	(1,225)
Financing activities:			
Proceeds from issue of shares, net of share issue costs	11	14,750	10,913
Lease payable repayments	5	(45)	(44)
Interest paid on loan	6	(1,805)	(1,800)
		12,900	9,069
Increase (decrease) in cash and equivalents		5,035	1,186
Cash and cash equivalents, beginning of year		7,146	5,960
Cash and cash equivalents, end of year		\$ 12,181	\$ 7,146

The notes are an integral part of these financial statements.

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Notes to the Consolidated Financial Statements
For the years ended June 30, 2024 and 2023
(Tabular amounts expressed in thousands of U.S. dollars)

1. Business Operations and Going Concern

(a) Business operations:

BMC MINERALS LTD (“BMC Minerals” or the “Company”) is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties in Canada. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on September 22, 2014. The Company’s registered office is located at 2900 - 550 Burrard Street, Vancouver, BC V6C 0A3.

The Company is in the process of exploring and evaluating its mineral property interests and has not yet made a formal financial investment decision in relation to construction of the Kudz Ze Kayah (“KZK”) Project located in the Yukon Territory, Canada. The Company concluded and published a NI 43-101 compliant definitive feasibility study in June 2019, which it updated in November 2020.

(b) Going concern:

The Company has no current sources of revenue and has realized operational losses for all periods presented. The Company's continuing operations are dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain the necessary financing to continue the exploration and development of its mineral property interests and to obtain the permits necessary to mine, and on future profitable production or proceeds from the disposition of its mineral property interests.

During the prior year, the Company pursued an alternative financing option whereby the Company closed an equity subscription of \$9,455,900 (AUD\$14 million) in the form of a co-investment agreement between the Victor Smorgon Group (“VSG”), a family office based in Australia, and BMC (UK) Ltd.

During the current year, the Company entered into two additional equity subscriptions with VSG and BMC (UK) Ltd, for total proceeds of \$24,500,000 with each entity co-investing equal amounts for each subscription. The final tranche for the subscription in the amount of \$9,760,000 closed in September 2024.

Funding for the Company is currently through equity from its parent company BMC (UK) Ltd, VSG, and the \$75,000,000 financing package from Orion Mine Finance (“Orion”) which is guaranteed by BMC (UK) Ltd., who has also provided a share pledge against its shares in the Company. With regards to available equity funding, the Company has sourced 100% of its equity funding to date from its parent company BMC (UK) Ltd, Orion and VSG.

On June 14, 2022, the Company received a positive decision document from the Yukon and Canadian governments in relation to development of the proposed ABM Mine at its 100% owned KZK Project in Yukon, Canada. On July 15, 2022, Ross River Dena Council (“RRDC”) filed an application for judicial review of the decision document claiming that the decision bodies failed to

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meet their duty to consult with, and accommodate, the First Nations. The judicial review hearing was completed on April 18, 2023, with a commitment from the judge to provide a decision and reasons by July 2023. On June 29, 2023, the Office of the Yukon Chief Justice advised that this decision would be provided by the fall of 2023. The decision was finally rendered on January 2, 2024, requiring the Yukon, Canadian and Ross River governments to participate in additional consultation meetings before reissuing a new Decision Document. These consultation meetings were completed, and a new positive decision document was issued on March 8, 2024, which allows the project to proceed to final permitting subject to modified conditions. RRDC filed an appeal on the decision, which was heard on September 12-13, 2024, and with a decision on the appeal expected in the first quarter of 2025.

The Company's ability to continue as a going concern is dependent on the Company raising additional funding over the remainder of the 2024 calendar year and during the 2025 calendar year, as well as receiving further positive decisions from regulatory bodies, mainly on the Quartz Mining License and Type A Water License Applications. The Company's ability to raise additional equity and/or debt funding (and the timing and amount of such funding) and receipt of relevant regulatory approvals, is subject to uncertainty and is not wholly within the Company's control. These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. Material Accounting Policies

(a) Basis of preparation:

These consolidated financial statements have been approved by the Board of Directors on September 24, 2024. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

(b) Basis of measurement:

These consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and its controlled subsidiaries. The consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments classified in accordance with measurement standards under IFRS.

(c) Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Finlayson Copper Ltd., which was incorporated on March 29, 2023 in British Columbia, Canada, was formed to own the Fyre Lake claims acquisition that was finalized through the final

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option exercised during December 2022. All intercompany balances, transactions and unrealized gains and losses, and expenses have been eliminated upon consolidation.

(d) Critical accounting judgements, estimates and assumptions:

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the applicable accounting policies and the reported amounts of assets and liabilities at the date of financial statements and the reporting amounts of income and expenses during the reported year. The Company continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, and expenses. The Company bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events the Company believes to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future effected years. The resulting accounting judgements and estimates will seldom equal the related actual results. The significant areas of accounting estimation uncertainty in applying policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- (i) Carrying amount of exploration and evaluation costs: refer to note 2(g) and note 4.
- (ii) Financial instruments – convertible note and precious metals financing: refer to note 2(l) and note 6.

Critical judgments in applying the policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- (i) The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. See note 1(b).

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and term deposits that have an original term to maturity of 90 days or less at inception. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(f) Operating segments:

The Company is organized into one operating segment, being exploration and development of mineral properties in Canada. All mineral properties and equipment are located in Canada.

(g) Exploration and evaluation costs:

Exploration and evaluation costs are the search for mineral resources in areas where there is a legal right to explore. It includes the assessment of technical feasibility and commercial viability of mining those mineral resources. All directly attributable costs for exploration and evaluation asset acquisitions and option payments are capitalized as exploration and evaluation assets. Where the

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board has not made a final decision to commit to the development of a mining project, ongoing exploration and assessment of technical and economic viability is expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(h) Property, plant and equipment:

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property plant and equipment. The estimated useful lives are as follows:

Asset	Rate
Equipment	2 - 5 years
Fixtures and fittings	2 - 5 years
Right-of-Use assets	straight-line over the lease term

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

(i) Taxation:

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognized in the consolidated statements of loss (income) and other comprehensive loss (income), except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax:

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 balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax:

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

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(j) Foreign currency:

Transactions in foreign currencies are translated to the Company's functional currency based on the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of loss (income) and comprehensive loss (income). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(k) Earnings (loss) per share:

Basic earnings (loss) per share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(l) Financial instruments:

The Company has the following financial instruments and classified in the table below:

Financial assets/liabilities	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible note	FVTPL
Precious metals financing	FVTPL

Financial assets:

The Company initially recognizes receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired. A financial asset is measured at amortized cost, if it is not designated at FVTPL, and it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL:

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI:

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment.

Financial assets at amortized cost:

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less impairment. They are classified as current assets or non-current assets based on their maturity date. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial assets are its cash and cash equivalents, other amounts receivable, and other deposits, all of which are classified as financial assets at amortized cost.

Financial Liabilities – Convertible Notes:

Financial liabilities are accounted for at amortized cost except for those measured at FVTPL which includes liabilities designated as FVTPL and derivatives. Financial liabilities classified as FVTPL or those which are designated as FVTPL under the fair value option are measured at fair value with unrealized gains and losses recognized in net earnings. In cases where financial liabilities are designated as FVTPL, the portion of the fair value changed due to the Company's own credit risk is recorded in other comprehensive loss (income) rather than net loss (income). Financial liabilities at amortized cost are initially measured at fair value net of transaction costs, and subsequently

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measured at amortized cost.

Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL which includes convertible notes
- Financial liabilities at amortized cost which includes loans and borrowings

Precious Metals financing:

The Company has a Precious Metals financing agreement with Wheaton Precious Metals Corp. ("Wheaton"), which was transferred from Orion through an agreement in February 2024. For accounting purposes, the Company has determined that this obligation represents a financing contract with an embedded derivative. The value of embedded derivatives change in response to various factors, such as metal prices and the economic output of the underlying mines. As these obligations have embedded derivatives that would otherwise need to be accounted for separately at FVTPL, the Company has designated the deposit received from the counterparties as a financial liability at FVTPL, with initial and subsequent measurement at fair value, as permitted under IFRS 9 - *Financial Instruments*, for both instruments. Transaction costs directly attributable to non-current derivative financial liabilities were expensed through profit or loss. The fair value of the non-current derivative financial liabilities on initial recognition was determined by the amount of the cash advance received. Subsequent fair value is calculated on each reporting date with gains and losses recorded in net earnings. Fair value adjustments as a result of the Company's own credit risk are recorded in other comprehensive loss (Income), as required by IFRS 9 for financial liabilities designated as at FVTPL.

(m) Leases:

Leases are recognized as a right-of-use asset in property, plant and equipment and a corresponding liability in lease liabilities at the date at which the leased asset is available for use by the Company. The right-of-use assets are initially measured at cost, which comprises:

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

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;

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- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

Each lease payment is allocated between the repayment of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Payments associated with short-term leases, leases of low value assets and certain variable lease payments are recognized on a straight-line basis as an expense in profit or loss.

(n) Impairment of non-current assets:

At each reporting date, property, plant and equipment and exploration and evaluation assets are evaluated for impairment by management whenever events or changes in circumstances indicate that the carrying value is impaired and may not be recoverable.

For property plant and equipment, if any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For exploration and evaluation assets, the Company follows the guidance in IFRS 6 – Exploration for and Evaluation of Mineral Resources to determine whether exploration and evaluation assets are impaired. Impairment indicators relevant for exploration and evaluation properties include:

- whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed;
- substantive expenditure on further exploration and evaluation is not planned or budgeted;

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- the exploration activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest being explored; or
- sufficient data exists to indicate that, although exploration in the area is likely to continue, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If an impairment indicator is identified, management will perform an impairment test. If the recoverable amount of the exploration and evaluation assets is less than the carrying amount, an impairment loss will be recorded in the financial statements. Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) New, Amended, and Future Accounting Standards and Interpretations:

There are no new standards or interpretations, not yet adopted, that are expected to have a material impact on future financial statements.

The Amendments to IAS 1, Presentation of Financial Statements, require the disclosure of material accounting policies rather than significant accounting policies. The amendments were effective for annual periods beginning on or after January 1, 2023. The Company has done an assessment of these amendments and there was no material impact on the Company's financial statements or disclosure. The Company adopted these amendments in its consolidated financial statements for the period beginning on July 1, 2023.

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3. Property, plant and equipment

	Plant and equipment	Fixtures and fittings	Right-of-Use asset	Total
Cost:				
Balance, June 30, 2022	976	21	258	1,255
Additions	550	14	-	564
Balance, June 30, 2023	1,526	35	258	1,819
Additions	142	-	22	164
Balance, June 30, 2024	\$ 1,668	\$ 35	\$ 280	\$ 1,983
Depreciation:				
Balance, June 30, 2022	(782)	(17)	(149)	(948)
Depreciation	(238)	(5)	(40)	(283)
Balance, June 30, 2023	(1,020)	(22)	(189)	(1,231)
Depreciation	(166)	(6)	(40)	(212)
Balance, June 30, 2024	\$ (1,186)	\$ (28)	\$ (229)	\$ (1,443)
Net book value:				
Balance, June 30, 2023	506	13	69	588
Balance, June 30, 2024	482	7	51	540

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4. Exploration and evaluation assets

	2024	2023
Cost:		
Opening balance	\$ 48,308	\$ 47,647
Additions	-	661
Balance, June 30	\$ 48,308	\$ 48,308

(a) KZK Project:

Pursuant to the agreement dated October 15, 2014 ("KZK Purchase Agreement"), on January 14, 2015, the Company acquired the Kudz Ze Kayah and Pelly base metals project ("Kudz Ze Kayah Project"), located 110 km southeast of Ross River in the Yukon Territory, Canada, from Teck Resources Limited for consideration of:

- (i) \$30 million cash consideration paid on closing.
- (ii) \$10 million payable within 45 days of receipt of all permits, licenses, certificates, or approvals reasonably commercially or legally required to complete construction of a mine to service the property or in the event of a change in control; and
- (iii) Up to an additional \$25 million based on the zinc price exceeding predetermined amounts at various pre-determined dates. All of the pre-determined dates have passed and \$8 million was paid under this clause.

Under the KZK Purchase Agreement, the Company acquired a 100% undivided interest in the Kudz Ze Kayah Project subject to a 1.5% net smelter return ("NSR") royalty on all of the acquired claims and a 0.3% NSR royalty on certain of the claims. These NSR royalties were purchased in 2015 and 2016, respectively.

(b) Fyre Lake Project:

In December 2016, the Company entered into an agreement granting the Company an option to acquire a 100% interest in the Fyre Lake Project ("Fyre Lake Option Agreement") located in the Watson Lake Mining District, Yukon Territory, Canada and paid a non-refundable deposit of \$55,350 (CDN\$75,000) and the first option payment of \$221,640 (CDN\$300,000).

After a series of amendments to the original agreement, the Company had paid an additional total payment of \$1,843,421 (CDN\$2,450,000) between the period of December 2017 to June 2022.

On December 23, 2022, the Company paid the second installment option payment of \$366,996 (CDN\$500,000) and the final installment option payment of \$293,360 (CDN\$400,000) in March 2023. Following the final installment payment, the Company now owns 100% interest in the Fyre Lake property.

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5. Lease payable

In April 2022, the Company renewed an office lease agreement for a term of 3 years. In accordance with IFRS 16, the Company recorded a lease asset and a lease liability with a fair value of \$119,373. Fair value was determined by discounting future lease payments at a discount rate of 8%. In June 2024, the Company entered into a lease agreement for a satellite office in Whitehorse, Yukon for a term of 2 years and with recorded lease asset and liability for \$22,101.

The following summarizes the office lease liability for the year ended June 30, 2024:

	2024	2023
Balance at beginning of year	\$ 74	\$ 110
Addition	22	-
Payments made	(45)	(44)
Interest recorded	4	8
Balance, June 30	\$ 55	\$ 74

	2024	2023
Current portion	\$ 44	\$ 37
Long term portion	11	37
	\$ 55	\$ 74

6. Convertible note payable and precious metal financing

On 22 December 2021, the Company concurrently entered into three separate arrangements with Orion whereby the Company committed to a \$45 million Precious Metals financing, issued a convertible note with a principal amount of \$24 million (the "Note"), issued 1,990,710 common shares amounting to \$6 million (the "Equity Issuance") and received cash consideration of \$75 million. Total transaction costs of approximately \$1,791,700 were incurred, with \$143,337 netted against the Equity Issuance, and the remainder recognized as finance expense based on Company's decision to record the Precious Metals financing and the Note at fair value through profit or loss.

Convertible Note

The Company issued a convertible note for aggregate principal amount of \$24 million with maturity date on 22 December 2025 and bears interest at an annual rate of 7.5% with interest payable quarterly commencing on March 31, 2022. The Note automatically converts into common shares of the Company upon either an initial public offering or a liquidity event such as a sale of greater than 50% of the Company. The number of shares issued upon conversion is dependent upon the offering price under an initial public offering, the timing of the initial public offering or the fair value

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6. Convertible note payable and precious metal financing (continued)

upon a liquidity event. As the Note is convertible into a variable number of shares based on the timing of the initial public offering (to maximum conversion price of \$3.014 per common share), the entire instrument is considered a financial liability (i.e. there is no equity component to the note). The Note includes financial covenants wherein the Company shall maintain a minimum cash balance of at least \$2,000,000 at all times, and a monthly forecast for a 12-month period maintaining at least the minimum cash balance. As at June 30, 2024, the Company is in compliance with the financial covenants.

The Company has designated the note obligation as a financial liability at FVTPL. Accordingly, at each reporting date the Company records the Note at its fair value, which is determined using a probability weighted expected return model, which determines the net present values of the expected future cash flows and likelihood of conversion upon a financing event, with changes in fair value reflected in the profit and loss except for changes in fair value related to the Company's own credit risk are included in other comprehensive income.

The fair value of the Note as at June 30, 2024 is \$23,260,000 (2023 - \$22,320,000). The change in fair value was recognized in the statement of loss (income) and other comprehensive loss (income) for the year as \$940,000 (2023 - \$1,750,000). The interest expense for the year was \$1,805,000 (2023 - \$1,800,000).

The Note is presented in the balance sheet as follows:

	2024	2023
Fair value at beginning of year	22,320	20,570
Fair value loss (gain)	470	1,410
Fair value adjustment due to change in credit risk	470	340
Fair value at June 30	\$ 23,260	\$ 22,320

The amount of change, during the period and cumulatively, in the fair value of the financial liabilities designated as at FVTPL that is attributable to changes in the credit risk of these liabilities and recognized in OCI is set out below:

	2024	2023
Balance at beginning of year	210	(130)
Recognised in OCI during the year	470	340
Balance at June 30	\$ 680	\$ 210

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6. Convertible note payable and precious metal financing (continued)

Precious Metals Financing

In February 2024, Orion entered into a purchase agreement with Wheaton which transfers from Orion to Wheaton all the rights, obligations and interest under the Precious Metals financing dated December 22, 2021. There were no changes to the terms of the Precious Metals financing agreement, and the Company had acknowledged and accepted the transaction. As a result of this transaction, the Company derecognized the Precious Metals financing liability with Orion at its fair value and immediately recognized the liability under the new agreement with Wheaton at the same fair value.

Under the original terms of the Precious Metals financing, the Company is committed to delivering to Wheaton specified percentages of the Company's refined gold and refined silver production, if any, as summarized as follows:

Time frame	Gold
From Dec. 22, 2021 to June 21, 2025	6.875% for the first 330,000 ounces of produced gold 5.625% of the next 59,800 ounces of produced gold (total of 389,800 ounces) 5.00% of the next 270,200 ounces of produced gold (total of 660,000 ounces) 6.25% of any gold produced afterwards
June 21, 2025 to May 21, 2029	7.125% for the first 330,000 ounces of produced gold 5.875% of the next 59,800 ounces of produced gold (total of 389,800 ounces) 5.25% of the next 270,200 ounces of produced gold (total of 660,000 ounces) 6.50% of any gold produced afterwards
After May 22, 2029	7.375% for the first 330,000 ounces of produced gold 6.125% of the next 59,800 ounces of produced gold (total of 389,800 ounces) 5.50% of the next 270,200 ounces of produced gold (total of 660,000 ounces) 6.75% of any gold produced afterwards
Time frame	Silver
From Dec. 22, 2021 to June 21, 2025	6.875% for the first 43,300,000 ounces of produced silver 5.625% of the next 7,958,000 ounces of produced silver (total of 51,258,000) 5.00% of the next 35,342,000 ounces of produced silver (total of 86,600,000) 6.25% of any silver produced afterwards
June 21, 2025 to May 21, 2029	7.125% for the first 43,300,000 ounces of produced silver 5.875% of the next 7,958,000 ounces of produced silver (total of 51,258,000) 5.25% of the next 35,342,000 ounces of produced silver (total of 86,600,000) 6.50% of any silver produced afterwards
After May 22, 2029	7.375% for the first 43,300,000 ounces of produced silver 6.125% of the next 7,958,000 ounces of produced silver (total of 51,258,000) 5.50% of the next 35,342,000 ounces of produced silver (total of 86,600,000) 6.75% of any silver produced afterwards

In consideration for each ounce of gold or silver delivered by the Company, Wheaton will pay the Company 20% of the prior day's spot gold price or spot silver price (the "spot price"), respectively. The difference between the spot price and the cash received from Wheaton will reduce a notional \$45 million deposit (the "deposit"). After the deposit has been reduced to nil, Wheaton will continue

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6. Convertible note payable and precious metal financing (continued)

to only pay 20% of the spot price for each ounce of gold or silver subsequently delivered under the stream. The agreement has an initial term of 40 years, with automatic 10-year renewal periods until there are no longer active extraction and processing mining operations at the KZK Project.

Under the Precious Metals financing agreement if the Company has not raised an aggregate sum of US\$250 million (which may be in the form of debt, equity or funds received from permitted royalties, streams, future sales, participation or production interests and related assets, or any similar transactions) towards advancement of the Project by March 22, 2026, Wheaton has the right to be repaid US\$45 million plus a sum equivalent to an IRR of 11.5% on the US\$45 million received. As a result, the Precious Metals financing is considered a financial liability for accounting purposes. The Company has designated the Precious Metals financing as a financial liability at FVTPL. Accordingly, at each reporting date the Company records the Precious Metals financing at its fair value, which is determined as the present value of the Company's expected gold and silver deliveries based on a production model and estimated metals prices, net of funds receivable from Wheaton, under the Precious Metals financing with changes in fair value reflected in profit and loss except for changes in fair value related to the Company's own credit risk which are included in other comprehensive income.

The fair value of precious metal financing as at June 30, 2024 is \$46,923,000 (2023 - \$31,464,000). The change in fair value was recognized in the statement of loss (income) and other comprehensive loss (income) for the year as \$15,459,000 (2023 - \$6,709,000). The change in fair values primarily relates to the increase in commodity forward prices compared to last year.

The Precious Metals financing is presented in the balance sheet as follows:

	2024	2023
Fair value at beginning of year	31,464	24,755
Fair value loss (gain)	14,665	3,984
Fair value adjustment due to change in credit risk	794	2,725
Fair value at June 30	\$ 46,923	\$ 31,464

The amount of change, during the period and cumulatively, in the fair value of the financial liabilities designated as at FVTPL that is attributable to changes in the credit risk of these liabilities and recognized in OCI is set out below:

	2024	2023
Balance at beginning of year	(44)	(2,769)
Recognised in OCI during the year	794	2,725
Balance at June 30	\$ 750	\$ (44)

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7. Exploration and Evaluation Expenses

The aggregate exploration and evaluation expenses were as follows:

	2024	2023
General exploration and drilling	\$ 1,959	\$ 991
Environmental, permitting and engagement	3,139	2,280
Geological and geophysical	309	104
Labour and wages (note 8)	925	862
Travel	233	180
	<u>\$ 6,565</u>	<u>\$ 4,417</u>

8. Labour and wages

The aggregate remuneration costs were as follows:

	2024	2023
Wages and salaries	\$ 859	\$ 806
Social security costs	10	6
Contributions to defined contribution plans	24	17
Other employee expenses	32	33
	<u>\$ 925</u>	<u>\$ 862</u>

9. Finance expense (income)

Recognized in the statement of loss (income) and other comprehensive loss (income):

	2024	2023
Interest expense (income)	\$ (8)	\$ (6)
Interest recorded on lease (note 5)	4	8
Foreign exchange loss (gain)	164	(4)
Interest expense on convertible note (note 6)	1,805	1,800
	<u>\$ 1,965</u>	<u>\$ 1,798</u>

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10. Taxation

(a) The charge for the year can be reconciled per the income and loss account as follows:

	Tax at Canada tax rate	
	2024 (27%)	2023 (27%)
Loss (income) before taxes	\$ 25,297	\$ 13,931
Expected income tax (recovery) expense	\$ (6,830)	\$ (3,761)
Effects of:		
Recognition of previously unrecognized tax attributes	-	-
Temporary differences not recognized	6,969	3,761
Impact of transactions recognized in OCI	-	828
Deferred income tax expense	\$ 139	\$ 828

The Company's income tax expense (recovery) is comprised of the following:

	2024	2023
Deferred income tax expense (recovery)	\$ 139	\$ 828
	\$ 139	\$ 828

The Company's deferred income tax (recovery) expense recognized in OCI during the year:

	2024	2023
Change in fair value of convertible note attributable to change in credit risk	\$ (127)	\$ (92)
Change in fair value of precious metals financing attributable to change in credit risk	(12)	(736)
	\$ (139)	\$ (828)

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10. Taxation (continued)

(b) Deferred tax asset and liability recognized

The Company has recognized the following deferred income tax asset and liability:

	2024	2023
Deferred tax liability:		
Excess of accounting carrying value of exploration and evaluation assets	\$ (3,093)	\$ (3,927)
Precious metals financing	-	(3,655)
Convertible note	(200)	(454)
Deferred tax asset:		
Non-capital losses available for carry forward	3,223	7,465
Other	70	571
	\$ -	\$ -

A deferred tax asset for loss carryforward has not been recognized (except to the extent the Company has existing temporary differences to utilize the asset against) as the Company has no history of profits and a decision to mine has not occurred, therefore the Company has not yet demonstrated that there will be future taxable profits available against which the asset can be utilized.

(c) Deductible temporary differences not recognized:

	2024	2023
Non-capital losses available for carry forward	\$ 108,415	\$ 84,935
Net capital losses	1,823	1,823
Precious metals financing	1,923	-
Other	2,519	1,351
	\$ 114,680	\$ 88,109

As at June 30, 2024, the Company has non-capital losses which will expire between the years 2035 and 2044, and may be applied to reduce future years' taxable income. The Company also has net capital losses which are available to offset future capital gains and may be carried forward indefinitely. The Company has Scientific Research and Experimental Development (SR&ED) balance of \$1,350,000 (2023 - \$1,350,000) which has no expiry period, and Investment Tax Credit (ITC) of \$164,000 (2023 - \$164,000) which will expire between 2037 and 2042.

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In addition, the Company has the following resource pools with no expiry period:

	2024	2023
Canadian Exploration Expense	\$ 27,788	\$ 26,776
Canadian Development Expense	9,061	6,985
	\$ 36,849	\$ 33,761

11. Share Capital

(Amounts expressed in thousands of U.S. dollars, except share price)

	Common Shares, no par value	Share Price	Amount
June 30, 2022	79,960,887		\$ 79,227
Share subscription November 2022	1,045,510	\$ 1.626	\$ 1,700
Share subscription January 2023	1,752,772	1.605	2,813
Share subscription March 2023	1,752,772	1.527	2,676
Share subscription June 2023	2,629,160	1.509	3,967
Share Issue Costs			(243)
June 30, 2023	87,141,101		\$ 90,140
Share subscription December 2023	3,115,264	\$ 1.605	\$ 5,000
Share subscription June 2024	5,181,779	1.884	9,760
Share Issue Costs			(10)
June 30, 2024	95,438,144		\$ 104,890

In January 2023, the Company closed a share subscription agreement of \$9,455,900 (AUD\$14,000,000) for a total of 6,134,704 shares, in the form of co-investment agreement with BMC (UK) No. 1 Limited and a privately owned fund manager, Victor Smorgon Group ("VSG"). The agreement was structured through three tranches, with the closing date of the final tranche on June 30, 2023. During the year ended June 30, 2023, the Company issued a total of 7,180,214 common shares for total gross proceeds of \$11,155,900. Transaction costs allocated to this year's subscriptions were \$242,946.

In December 2023, the Company issued a total of 3,115,264 common shares for total proceeds of \$4,999,999 to BMC (UK) No. 1 Limited and VSG. In June 2024, the Company closed another co-investment share subscription agreement with BMC (UK) No. 1 Limited and VSG, for proceeds of \$19,519,963 which was structured through two tranches with the second tranche closed in September 2024. During the year ended June 30, 2024, the Company issued a total of 8,297,043 common shares for total gross proceeds of \$14,759,983. Total transaction costs allocated to this year's subscription were \$10,243.

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12. Financial Instruments

The carrying amounts for cash, receivables and other assets, trade payables and accrued liabilities and lease liabilities approximate their estimated fair value due to the short-term nature of these financial instruments.

(a) Credit risk:

Credit risk arises where counterparties are unable to meet their payment obligations. The Company's cash on hand was held with financial institutions with a credit rating of A or better. The Company only trades with recognized credit worthy third parties.

(b) Liquidity risk:

Liquidity risk is the need to maintain sufficient cash and cash equivalent and undrawn borrowing facilities for the Company to continue to meet its cash and funding requirements as they fall due. The Company closely monitors its funding requirements.

The Company has the following undiscounted contractual maturities of financial liabilities as at June 30, 2024:

	Total	<1 year	1 - 3 years
Trade and other payables	1,299	1,293	6
Lease payable	56	45	11
Convertible note ⁽¹⁾	26,663	1,800	24,863
Total	\$ 28,018	\$ 3,138	\$ 24,880

⁽¹⁾ Amounts include principal and interest payments, except accrued interest, which is included in trade and other payables.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's holdings of financial instruments. The Company's functional and reporting currency is U.S. dollars. A portion of the Company's operating expenses are denominated in other currencies, primarily the Canadian Dollar (CAD), which is the Company's primary foreign currency exposure.

	2024
Cash and cash equivalents	\$ 54
Trade receivables	539
Trade payables	(1,261)
Total	\$ (668)

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12. Financial Instruments (continued)

Sensitivity analysis

As at June 30, 2024, with other variables unchanged, a 10% increase or decrease in the value of the U.S. dollar against the Canadian dollar would result in a \$66,808 decrease or increase in net loss.

Fair values of financial instruments

The fair value of financial instruments is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a force or liquidation sale.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

The fair value of the Company's cash and cash equivalents, receivables and other assets, trade and other payables and lease liabilities is approximated by their carrying values. All payables for the Company are considered repayable on demand. The fair values of the Company's convertible debt and precious metal financing are re-measured at each reporting date with any change in fair value recorded in net earnings.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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 (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable inputs used in the fair value measurements are categorized within Level 3 of the fair value hierarchy.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Convertible notes payable	(24,000)	(23,260)	(24,000)	(22,320)
Precious metals financing	(45,000)	(46,923)	(45,000)	(31,464)
Total	(69,000)	(70,183)	(69,000)	(53,784)

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12. Financial Instruments (continued)

The following methods and assumptions were used to estimate the fair values:

Convertible Note

The fair value of the Note was estimated using a probability weighted expected return model. Two possible outcome scenarios were considered: (i) conversion at the maturity date and (ii) conversion on the occurrence of a financing event. The timing and probability of the scenarios was based on management's best estimate using information that was known or knowable as of the issuance date and the expected payoff under each scenario was discounted to the issuance date using a risk-adjusted discount rate.

Precious Metals Financing

The fair value of the Precious Metals financing is estimated using a forecasted production schedule, forecasted gold price and risk-adjusted discount rate.

Description of significant unobservable inputs to valuation:

The following table shows the impact of movement of significant unobservable inputs on the fair values of the financial instruments:

	Valuation technique	Significant unobservable	Assumption (\$ – where applicable)	Sensitivity of the input to fair value
Convertible note payable	<i>Probability weighted expected return model</i>	Likelihood of being held to maturity	2024: 10% 2023: 10%	5% increase (decrease) in the likelihood of being held to maturity would result in an increase (decrease) in fair value by \$360.
		Discount Rate	2024: 32.8% 2023: 27.1%	1% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by \$120.
Precious Metals Financing	<i>DCF method</i>	Gold Price	2024: \$2,606 - 3,016/oz 2023: \$2,156 - 2,461/oz	10% increase (decrease) in the gold price would result in an increase (decrease) in fair value by \$1,521 (\$1,468).
		Silver Price	2024: \$33 - 39/oz 2023: \$25 - 32/oz	10% increase (decrease) in the silver price would result in an increase (decrease) in fair value by \$2,528 (\$2,549).
		Discount Rate	2024: 11.3% 2023: 12.0%	1% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by \$2,053 (\$2,186).

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12. Financial Instruments (continued)

(d) Capital management risk:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and, to the extent possible, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. In the management of capital, the Company includes the components of equity, net of cash and cash equivalents.

13. Commitments and Contingencies

(a) Kudz Ze Kayah project deferred consideration:

The Company has US\$10 million of contingent consideration payable on the outcome of future events which are linked to the receipt of all material permits and licenses to commence construction, as part of the KZK Purchase Agreement with Teck Resources dated October 15, 2014 (note 4 (a)(ii)). No amount has been recorded for this contingent liability as the outcome of future events is not considered certain at this stage.

(b) Restricted cash:

The Company has surety bonds outstanding as of June 30, 2024, totaling \$222,700 (CDN\$286,000) which have been granted in favour of the Yukon Government. The bonds relate to environmental and rehabilitation obligations at the Kudz Ze Kayah Project. This surety bond has been covered by cash backed security and a Standby Letter of Credit with Royal Bank of Canada for CDN\$286,000.

(c) Lease:

The Company entered into lease agreements for office premises that commenced April 1, 2019 and June 1, 2024, with the latest date of expiry as May 31, 2026. The total lease obligation as at the most recent signing of lease agreement are approximately \$159,100 (CDN \$201,800).

	2024	2023
Undiscounted office lease payments due:		
Within one year	\$ 45	\$ 45
Between 2 - 3 years	11	34
	\$ 56	\$ 79

(d) Purchase of dorm units:

The Company purchased dorm units in February 2024 for \$292,342 (CDN\$395,000) which is payable over a period of 24 months. The first payment was made in April 2024 upon delivery of the units to the KZK site and the total amount paid at June 30, 2024 was \$61,482 (CDN\$83,750). The remaining balance will be paid monthly in equal installments until March 2026.

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14. Related Parties

(a) Parent and ultimate controlling entity

The parent and controlling entity of the Company is BMC (UK) Limited, which owns 90.35% of the Company and is incorporated in England.

(b) Transactions with key management personnel

The Company incurred fees and expenses in the normal course of operations in connection with the parent entity. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and consists of its executive directors, the President (who performs the role as Chief Executive Officer), the Chief Financial Officer and various other executives.

	2024	2023
Short-term compensation	\$ 174	\$ 334
Technical services fees	949	947
Other expenses	142	310
	\$ 1,265	\$ 1,591

Short-term compensation to key management personnel is included in exploration and evaluation expenses in the statement of loss (income) and other comprehensive loss (income).

The directors of the Company are paid by the parent entity and a portion of the directors and other key management personnel's remuneration, and related expenses are recharged to the Company as a technical service for total amount of \$948,600 (2023 - \$947,000). A portion of expenses related to administrative operations of the parent entity were also recharged to the Company as other expenses for \$142,400 (2023 - \$310,000).

All transactions are incurred in the normal course of business and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. There are no amounts due to related parties.

BMC MINERALS LTD.

Notes to the Consolidated Financial Statements
For the years ended June 30, 2024 and 2023
(Tabular amounts expressed in thousands of U.S. dollars)

15. Reconciliation of cash flows from operating activities

	2024	2023
Cash flows from operating activities:		
Income (loss) for the year	\$ (25,436)	\$ (14,759)
Adjustments for:		
Depreciation	212	283
Change in fair value of convertible note	470	1,410
Change in fair value of precious metals financing	14,665	3,984
Tax (expense) recovery	139	828
Changes in:		
Receivable and other assets	31	(175)
Trade and other payables	391	(29)
Cash used in operating activities	(9,528)	(8,458)
Interest paid	1,805	1,800
Net cash used in operating activities	\$ (7,723)	\$ (6,658)

16. Subsequent Events

Subsequent to June 30, 2024, the Company closed the second and final tranche of the co-investment subscription agreement dated June 2024 with BMC (UK) No. 1 Limited and VSG, for total gross proceeds of \$9,759,979 consisting of 5,181,776 common shares.