

Denarius Metals Corp.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Denarius Metals Corp.

Opinion

We have audited the consolidated financial statements of Denarius Metals Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of equity for the years then ended
- the consolidated statements 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 December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting 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 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 2 in the financial statements, which indicates that the Entity has incurred a net loss from operations of \$9.9 million and net cash used in operating activities of \$4.0 million. The Entity will require additional sources of capital to fund ongoing operational requirements, planned exploration and development and capital expenditures related to its mineral property and exploration and evaluation assets.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that casts significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Evaluation of the fair value of convertible debentures

Description of the matter

We draw attention to Notes 4(b) and 8 of the financial statements. In October 2023, the Entity issued a total of CA\$20.6 million aggregate principal amount (equivalent to approximately \$14.9 million) of senior unsecured convertible debentures ("Convertible Debentures due 2029"). In May and June 2024, the Entity closed two tranches of a private placement, issuing a total of 13.8 million convertible debenture units ("Convertible Debenture Units") for total gross cash proceeds of CA\$13.8 million (equivalent to approximately \$10.1 million). The Convertible Debenture Units comprised an aggregate principal amount of CA\$13.8 million of senior unsecured convertible debentures (the "Convertible Debentures due 2030") and 6.9 million unlisted warrants. The Convertible Debentures due 2029 and the Convertible Debentures due 2030 are financial liabilities and have been designated at fair value through profit and loss. The fair value of the Convertible Debentures due 2029 and the Convertible Debentures due 2030 at December 31, 2024 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the convertible debentures, including liquidity discount.

Why the matter is a key audit matter

We identified the evaluation of the fair value of convertible debentures as a key audit matter. This matter represented an area of higher assessed risk of material misstatement requiring specialized skills and knowledge that were necessary to evaluate the methodology and liquidity discount used in the determination of the fair value of convertible debentures.



How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the Entity's:

- Methodology by comparing it to the financial reporting framework in the context of the valuation; and
- Liquidity discount by comparing the issuance date fair value of the convertible debentures issued in 2024 against the principal received.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard

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

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

In preparing the financial statements, management is responsible for assessing the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group 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 purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Daniel Gordon Ricica.

Toronto, Canada

March 31, 2025

Denarius Metals Corp.
Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents		\$ 1,130	\$ 7,628
Cash in trust	8	486	1,915
Other receivables		216	696
Prepaid expenses and deposits		582	340
		2,414	10,579
Non-current			
Deferred acquisition costs	6e	-	762
Plant and equipment	5	20,500	8,462
Exploration and evaluation assets	6	48,147	45,581
Investment in joint venture	7	9,992	24,059
Total assets		\$ 81,053	\$ 89,443
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	10	\$ 4,473	\$ 1,276
Current portion of lease obligations	11	87	250
Convertible Debentures	8	29,486	22,653
Amount payable by EMI to Europa	6f	-	4,425
Current portion of NSR liability	9	563	-
Amount payable related to acquisition of joint venture	7	259	21,708
		34,868	50,312
Non-current			
Accounts payable and accrued liabilities	10	1,451	-
NSR liability	9	4,773	-
Lease obligations	11	21	120
Other liabilities		267	330
Total liabilities		41,380	50,762
Equity			
Share capital	12b	116,127	103,233
Share purchase warrants	12c	12,577	11,022
Contributed surplus	12d	4,743	4,408
Accumulated other comprehensive loss		(7,308)	(2,872)
Deficit		(86,466)	(79,425)
Total equity attributable to shareholders		39,673	36,366
Non-controlling interest	6f	-	2,315
Total equity		39,673	38,681
Total liabilities and shareholders' equity		\$ 81,053	\$ 89,443
Basis of presentation and going concern		(Note 2)	
Subsequent events		(Notes 7, 12b, 12c, 19)	

On behalf of the Board of Directors:

"Paul Sparkes" (Signed)

"Serafino Iacono" (Signed)

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of U.S. dollars, except share amounts)

	Notes	Years ended December 31,	
		2024	2023
Expenses			
General and administrative expenses	17	\$ 4,391	\$ 3,771
Finder's fee and other costs associated with acquisition of investment in joint venture	7	800	-
Share-based compensation	12d	298	470
Loss before the following		(5,489)	(4,241)
Other income (expense)			
Finance costs	16	(5,279)	(1,386)
Finance income		161	159
Foreign exchange gain		536	2
Gains on modifications of amount payable related to acquisition of joint venture	7	278	-
Loss from equity accounting in joint venture	7	(149)	(61)
Gain on partial disposal of equity accounted joint venture	7	1,225	-
Gain on modifications of Convertible Debentures	8	4,222	-
Loss on financial instruments	8a, 8b	(6,079)	(6,992)
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations	6c, 6f	649	(1,917)
Net loss		(9,925)	(14,436)
Attributed to:			
Shareholders of the Company		(9,836)	(14,436)
Non-controlling interest		(89)	-
		(9,925)	(14,436)
Other comprehensive loss:			
Items that will not be reclassified to profit in subsequent periods:			
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)		(179)	(176)
Items that may be reclassified to profit in subsequent periods:			
Foreign currency translation adjustment (nil tax effect)		(4,257)	3,797
Comprehensive loss		\$ (14,361)	\$ (10,815)
Basic and diluted loss per share		\$ (0.14)	\$ (0.27)
Weighted average number of common shares outstanding		71,459,631	53,383,562

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Consolidated Statements of Equity
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31, 2024	2023
Share capital			
Balance, beginning of year		\$ 103,233	\$ 94,903
Shares issued on conversion of Convertible Debentures due 2029	8a	1,970	-
Shares issued on conversion of Convertible Debentures due 2030	8b	38	-
Shares issued in the Private Placements	12b	5,360	3,619
Share issue costs related to the Private Placements	12b	(152)	(193)
Shares issued in Rights Offering	12b	-	3,783
Share issue costs related to the Rights Offering	12b	-	(76)
Issuance of common shares in acquisition of EMI	6f	3,613	-
Issuance of common shares in acquisition of Phosphates Project	6d	-	1,082
Rio Narcea transaction costs settled in shares	12b	130	-
Total transaction costs settled in shares	12b	-	115
Exercise of warrants	12c	1,822	-
Exercise of options	12d	113	-
Balance, end of year		116,127	103,233
Share purchase warrants			
Balance, beginning of year		11,022	6,623
Convertible Debenture Warrants issued	8b, 12c	1,274	-
Convertible Debenture Warrants issue costs	8b	(41)	-
Exercise of warrants	12c	(346)	-
2024 Private Placement Warrants issued	12c	700	-
2024 Private Placement Warrants issue costs	12b	(32)	-
Rights Warrants issued	12c	-	2,612
Rights Warrants issue costs	12b	-	(54)
2023 Private Placement Warrants issued	12c	-	1,944
2023 Private Placement Warrants issue costs	12b	-	(103)
Balance, end of year		12,577	11,022
Contributed surplus			
Balance, beginning of year		4,408	3,903
Exercise of options	12d	(39)	-
Total transaction costs settled in shares	12b	-	(115)
Share-based compensation	12d	374	620
Balance, end of year		4,743	4,408
Accumulated other comprehensive loss			
Balance, beginning of year		(2,872)	(6,493)
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)	8a, 8b	(179)	(176)
Foreign currency translation adjustment		(4,257)	3,797
Balance, end of year		(7,308)	(2,872)
Deficit			
Balance, beginning of year		(79,425)	(62,244)
Net loss attributable to shareholders of the Company		(9,836)	(14,436)
Change in non-controlling interest in EMI	6f	3,084	-
Contributions to non-controlling interest in EMI	6f	(289)	(2,745)
Balance, end of year		(86,466)	(79,425)
Non-Controlling Interest			
Balance, beginning of year		2,315	41
Contributions to non-controlling interest in EMI	6f	289	2,274
Net loss attributable to non-controlling interest	6f	(89)	-
Change in non-controlling interest in EMI		(2,515)	-
Balance, end of year		-	2,315
Total equity		\$ 39,673	\$ 38,681

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31,	
		2024	2023
Operating Activities			
Net loss		\$ (9,925)	\$ (14,436)
Adjusted for the following items:			
Share-based compensation	12d	298	470
Amortization	5	206	248
Finance costs	16	5,279	1,386
Equity share of loss in joint venture	7	149	61
Gain on partial disposal of equity accounted joint venture	7	(1,225)	-
Gains on modifications of amount payable related to acquisition of joint venture	7	(278)	-
Gain on modifications of Convertible Debentures	8a, 8b	(4,222)	-
Loss on financial instruments	8a, 8b	6,079	6,992
Foreign exchange gain		(536)	(2)
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations	6c, 7	(649)	1,917
Changes in non-cash working capital items:			
Other receivables		463	326
Prepaid expenses and deposits		(274)	625
Accounts payable and accrued liabilities		588	(106)
Due to related party	18	-	(53)
Net cash used in operating activities		(4,047)	(2,572)
Investing Activities			
Additions to mineral property, plant and equipment	5	(8,621)	(4,442)
Additions to exploration and evaluation assets	6	(3,176)	(10,573)
Payments related to acquisition of joint venture	7	(8,396)	(2,776)
Capital contributions to joint venture	7	(1,422)	-
Payments related to acquisition of CRI assets	6e	(405)	-
Deferred acquisition costs related to CRI assets	6e	(66)	(92)
Transaction costs incurred in acquisition of EMI	6f	(52)	-
Transaction costs incurred in acquisition of Phosphates Project	6d	-	(34)
Proceeds from the termination of Guia Antigua agreement	6c	-	2,246
Net cash used in investing activities		(22,138)	(15,671)
Financing Activities			
Proceeds from sale of NSR	9	5,000	-
NSR transaction costs	9	(265)	-
Proceeds from issuance of Convertible Debentures	8a, 8b	10,094	14,926
Convertible Debenture issue costs	8a, 8b	(357)	(597)
Convertible debentures consent modification process costs paid		(69)	-
Net decrease (increase) in cash in trust for interest on Convertible Debentures		941	(1,447)
Interest paid		(2,508)	(368)
Proceeds from Private Placements	12b	6,060	5,563
Private Placements issue costs	12b	(184)	(296)
Proceeds from Rights Offering	12b	-	6,108
Rights Offering issue costs	12b	-	(130)
Increase in amount payable by EMI to Europa	6f	-	145
Increase in other liabilities		-	149
Payment of lease obligations	11	(266)	(210)
Exercise of warrants	12c	1,476	-
Exercise of options	12d	74	-
Net cash provided by financing activities		19,996	23,843
Impact of foreign exchange rate changes on cash and cash equivalents		(309)	634
(Decrease) increase in cash and cash equivalents		(6,498)	6,234
Cash and cash equivalents, beginning of year		7,628	1,394
Cash and cash equivalents, end of year		\$ 1,130	\$ 7,628

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Notes to the Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Denarius Metals Corp. (the “Company”) is a company incorporated under the laws of the Province of British Columbia, Canada. The Company’s head office is located in Toronto, Canada. The Company and its wholly-owned subsidiaries are engaged in the acquisition, exploration, development and operation of mineral properties, primarily in Spain and Colombia.

The Company is listed on Cboe Canada and trades under the symbol “DMET”. The Company also trades on the OTCQX Market in the United States under the symbol “DNRSF”.

2. BASIS OF PRESENTATION AND GOING CONCERN

These financial statements, approved by the Board of Directors on March 31, 2025, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in U.S. dollars, rounded to the nearest thousand except when otherwise indicated.

These financial statements 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 in the foreseeable future.

The Company currently has no production and has no source of revenue. Further, during the year ended December 31, 2024, the Company reported a net loss of \$9.9 million and net cash used in operating activities of \$4.0 million. As at December 31, 2024, the Company has cash and cash equivalents of \$1.1 million and a working capital deficiency of \$32.5 million. The working capital deficiency includes \$29.5 million for the Convertible Debentures which are not repayable in cash within the next 12 months. Subsequent to December 31, 2024, as described in Note 19, the Company received cash proceeds totaling \$6.6 million through the Trafigura prepayment financing, additional Brockville Promissory Notes and a non-brokered private placement of Units. The Company will require additional sources of capital to fund ongoing operational requirements and planned exploration, development and capital expenditures related to its mineral property and E&E assets. To continue as a going concern, the Company must generate sufficient operating cash flow to fund these requirements or secure new funding. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits, stability or increases in future commodity prices, and the success of future operations or dispositions of the mineral properties.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are as follows:

Consolidation

These financial statements comprise the financial results of the Company including its subsidiaries. Details regarding the Company and its principal subsidiaries, all of which have a December 31 year end, are summarized in the following table:

Denarius Metals Corp.
Notes to the Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Entity	Property/ function	Registered	Functional currency ⁽¹⁾	Interest as at December 31, 2024	December 31, 2023
Denarius Metals Corp.	Corporate	Canada	CA	-	-
Alto Minerals S.L.U. ("Alto")	Lomero Project	Spain	EUR	100%	100%
Europa Metals Iberia S.L. ("EMI")	Toral Project	Spain	EUR	100%	0%
Zancudo Metals Sucursal Colombia ("Zancudo")	Zancudo Project	Colombia	COP	100%	100%
Emerene Corporation S.A. ("Emerene")	Phosphates Project	Colombia	COP	100%	100%

(1) "CA" = Canadian dollar, "USD" = U.S. dollar, "COP" = Colombian peso, "EUR" = Euro

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

The consolidated financial statements also include the Company's 21% equity interest (2023 – 50%) in Rio Narcea Recursos, S.A. ("RNR"), as outlined in Note 7. The investment in the RNR is accounted for using the equity method.

Foreign currency translation

a) Functional and presentation currencies

Items included in the financial statements of each entity consolidated by the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of each of the Company's significant subsidiaries is disclosed in the table under "Consolidation" above. The financial statements are presented in U.S. dollars as the Company believes this will facilitate comparison with other mining and resource companies.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations in "foreign exchange gain".

c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
- ii. income and expenses for each consolidated statement of operations and cash flows for the years are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- iii. components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and
- iv. all resulting exchange differences are recognized in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of operations as part of the gain or loss on sale.

Segment reporting

Reportable segments are those whose operating results are reviewed by the chief operating decision-maker, identified as the Board of Directors, which is responsible for allocating resources and assessing performance.

Denarius Metals Corp.
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(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Business combinations

The Company determines whether a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

The Company also has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is determined not to be a business combination. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

Investments in joint arrangements

A joint arrangement is a contractual arrangement of which the Denarius group of entities and another party have joint control. Joint arrangements are either joint operations or joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The Company determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances such as the parties' rights and obligations arising from the arrangement.

Joint operations are contractual arrangements which involve joint control between the parties. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

A joint venture is an arrangement over which the Company shares joint control and which provides the Company with the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Under the equity method, investments in joint ventures are initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or losses of the joint venture as if the joint venture had been consolidated. The carrying value of investments in joint ventures is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income, and for accounting changes that relate to periods subsequent to the date of acquisition.

The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there is objective evidence that its net investment in joint venture is impaired. This determination requires significant judgment in evaluating objective evidence and loss events. If there is objective evidence that the carrying value of the joint venture is impaired, it is written down to its recoverable amount.

If the investment ceases to be an associate or joint venture, the Company shall discontinue the use of the equity method from the date the Company loses joint control or significant influence. Any items previously recognized in other comprehensive income are reclassified to profit and loss on discontinuation of the equity method.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if applicable, are included in liabilities as bank indebtedness.

Other receivables

Receivables are measured at amortized cost using the effective interest method less a provision for impairment. Provision is made in the allowance for doubtful accounts based on management's best estimate of the other receivable balances that may not be collectible.

Exploration and evaluation ("E&E") assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility

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(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures include costs which are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling, trenching and sampling;
- examining and testing extraction and treatment methods;
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource;
- costs incurred in acquiring mineral rights; and
- administrative and other general overhead costs associated with finding specific mineral resources.

E&E expenditures are capitalized and are classified as such until the project demonstrates technical feasibility and commercial viability. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, they may also occur when the Company makes a decision to proceed with development or begins production. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized E&E costs are transferred to mineral properties within property, plant and equipment.

An impairment review of E&E assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against in the financial year in which this is determined. E&E assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, amortization and impairment charges. Cost includes expenditures that are directly attributable to the acquisition and are recorded as part of the development and construction of the asset.

Depletion of capitalized costs related to mineral properties will be charged to cost of sales on a unit-of-production basis based upon proven and probable reserves and estimated mineable mineral resources until the properties are abandoned, sold or considered to be impaired in value. Mineral properties are tested for impairment in accordance with the policy for impairment of non-financial assets as set out below. Land is not depreciated.

Depreciation of plant and equipment and other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Equipment	3 to 7 years
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The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Current and deferred income tax

The provision for income tax for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted,

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at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the asset and liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income 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 on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provision for decommissioning

The provision for decommissioning arises from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company intends to make expenditures to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which the liabilities are incurred and the resulting costs are capitalized to the carrying amount of the related asset. The liability will be increased each period to reflect the interest element and will also be adjusted for changes in the discount rates and in the estimates of the amount, timing and cost of the work to be carried out.

As at December 31, 2024 and December 31, 2023, the Company has not incurred such obligations in its principal subsidiaries.

Share-based payments

The Company has an equity-settled share-based compensation plan under which it issues equity instruments of the Company. The Company records equity-settled share-based payments under which the entity receives services from employees, consultants and directors as consideration for stock options granted by the Company. For employees and others providing similar services, the total amount to be expensed or capitalized, as appropriate, is based on the fair value of the options granted. The fair value is determined using the Black-Scholes model on grant date. Measurement inputs include share price on measurement date, exercise price, expected volatility, expected life, expected dividends, expected forfeiture rate and the risk-free interest rate.

The share-based compensation cost is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of operations with a corresponding adjustment to equity.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability with a corresponding right-of-use ("ROU") asset on the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit

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in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment.

The lease liability is subsequently increased by the interest cost and decreased by lease payments made over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Company's estimate of any residual amount payable, or if applicable, the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. The ROU asset is depreciated using the straight-line method from the recognition date to the earlier of the end of the useful life of the asset or the end of the lease term.

Payments associated with short-term leases and leases of low-value assets are expensed as they are incurred in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. This method assumes that proceeds received from the exercise of stock options and warrants and any unamortized share-based compensation amounts are used to repurchase common shares at the prevailing market rate.

Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Financial liabilities are subsequently measured and classified as amortized cost or as fair value through profit or loss ("FVTPL"). Derivative financial liabilities are measured at FVTPL. The Company, at initial recognition, may designate a hybrid financial liability that contains embedded derivative financial instruments, at FVTPL. For such financial liabilities recorded at FVTPL, the change in fair value due to changes in the Company's credit risk is recorded in other comprehensive income, with the remainder of the change in fair value recorded in profit and loss.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI"). The carrying amount of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

The Company has assessed the classification and measurement of its financial assets and financial liabilities as follows:

	Classification category
Cash and cash equivalents	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible Debentures	FVTPL
NSR liability	Amortized cost
Amount payable by EMI to Europa	Amortized cost
Amount payable related to acquisition of joint venture	Amortised cost

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Fair value hierarchy

IFRS requires an entity to classify financial assets and liabilities that are recognized in the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Convertible Debentures are classified as Level 2 in the fair value hierarchy as the fair value has been determined based on inputs, including volatility factors, risk-free rate, stock price and credit spread, which can be substantially observed or corroborated in the marketplace.

Impairment

Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Non-financial assets

Assets that are subject to amortization and reviewed for impairment, or reversal of impairment, as the case may be, whenever events or changes in circumstances indicate there is a change in the recoverability of the carrying amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash generating units or "CGUs"), which are typically the individual mining projects. The estimates used for impairment reviews are based on detailed mine plans and operating budgets, modified as appropriate to meet the requirements of IAS 36, *Impairment of Assets*.

When evaluating fair value less costs of disposal, fair value is determined based on the amount that could be obtained in an arm's length transaction and generally uses a discounted cash flow model based on the present value of estimated future cash flows, including future expansions or development projects. In a fair value less costs of disposal analysis the assumptions used are those that a market participant would be expected to apply.

An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded in the consolidated statement of operations. Non-financial assets, other than goodwill, that were previously impaired are reviewed for possible reversal of the impairment at each reporting date when an event warrants such consideration. The reversal is limited to the carrying value that would have been determined, net of any applicable depreciation, had no impairment charge been recognized in prior years.

Borrowing costs

The Company does not capitalize borrowing costs related to exploration and evaluation assets. All borrowing costs related to exploration and evaluation assets are recognized as interest and accretion in the consolidated statement of operations in the period in which they are incurred.

Once the Company has established that exploration and evaluation assets have reached technical feasibility and commercial viability, they are reclassified to development projects. Borrowing costs incurred that are attributable to qualifying assets under development will be capitalized and included in the carrying amounts during the development period until the assets are ready for their intended use. In the case of mining

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properties, the mining property is ready for its intended use when it commences commercial production. Capitalization will commence on the date that expenditures for the qualifying asset are incurred, borrowing costs are being incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are being undertaken.

For funds obtained from general borrowing, the amount capitalized will be calculated using a weighted average of rates applicable to the borrowings during the period.

For funds borrowed specifically for the purpose of obtaining or developing a qualifying asset, the amount capitalized will represent the actual borrowing costs incurred on the specific borrowings less any investment income earned on the temporary investment of those borrowings. This applies to the NSR liability.

New and amended accounting policies 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Judgments and estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the financial statements.

a) Significant judgments in the application of accounting policies

E&E assets

The Company has incurred E&E costs during the year at its Lomero and Toral Projects. Management has determined that E&E costs incurred during the year have future economic benefits and are economically

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recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of inferred resources to measured and indicated resources, scoping and feasibility studies, operating management expertise and existing permits.

Joint arrangements

As described in Note 7, the Company acquired a 50% interest in RNR on November 29, 2023. The determination of the Company having joint control and the classification of the investment as a joint venture at initial recognition required significant judgement.

As described in Note 7, the Company sold a 29% interest in RNR on December 27, 2024. The determination of the Company maintaining joint control after the disposition required significant judgement.

Indicators of Impairment

The carrying amounts of plant and equipment, E&E assets, development assets and the investment in joint venture are assessed for any impairment indicators such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying amounts are in excess of their recoverable amount.

The Company considers both internal and external sources of information in assessing whether there are any indications that long-lived assets are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its long-lived assets. Internal sources of information the Company considers include the manner in which property, plant and equipment are being used or are expected to be used, and in respect of exploration assets, the right to explore in the specific area has or will expire in the future and is not expected to be renewed, substantive expenditures are neither budgeted or planned, exploration has not led to the discovery of commercially viable quantities of mineral resources or sufficient data exists that although development of a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered.

b) Significant accounting estimates and assumptions

Convertible Debentures

The Convertible Debentures have been designated at FVTPL. Fair values have been determined based on valuation methodologies that capture all of the features of the Convertible Debentures to arrive at the value of these Convertible Debentures. The fair value estimates are based on numerous assumptions including, but not limited to, volatility factors, risk-free rates, liquidity discount, stock price and credit spreads. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

Share-based payments

The factors affecting stock-based compensation include estimates of when stock options might be exercised and share price volatility. The timing of exercise of options is out the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and the model has its limitations.

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5. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
Year ended December 31, 2024						
Opening net book value	\$ 2,740	\$ 4,307	\$ 949	\$ 110	\$ 356	\$ 8,462
Acquisition of CRI assets (Note 6e)	-	-	291	-	-	291
Additions	4,054	7,794	36	-	1	11,885
Capitalized borrowing costs (Note 16)	2,202	-	-	-	-	2,202
Share-based compensation	37	-	-	-	-	37
Depreciation and amortization	-	-	(65)	(10)	(237)	(312)
Exchange difference	(748)	(1,167)	(122)	(8)	(20)	(2,065)
Closing net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
As at December 31, 2024						
Cost	\$ 8,285	\$ 10,934	\$ 1,220	\$ 121	\$ 607	\$ 21,167
Accumulated depreciation and amortization	-	-	(131)	(29)	(507)	(667)
Net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
Year ended December 31, 2023						
Opening net book value	\$ -	\$ -	\$ 229	\$ 111	\$ 223	\$ 563
Acquisition of Phosphates Project (Note 6d)	-	-	48	-	-	48
Additions	-	3,906	573	7	317	4,803
Transfer from E&E assets (Note 6)	2,740	-	-	-	-	2,740
Depreciation and amortization	-	-	(43)	(11)	(194)	(248)
Exchange difference	-	401	142	3	10	556
Closing net book value	\$ 2,740	\$ 4,307	\$ 949	\$ 110	\$ 356	\$ 8,462
As at December 31, 2023						
Cost	\$ 2,740	\$ 4,307	\$ 1,023	\$ 130	\$ 716	\$ 8,916
Accumulated depreciation and amortization	-	-	(74)	(20)	(360)	(454)
Net book value	\$ 2,740	\$ 4,307	\$ 949	\$ 110	\$ 356	\$ 8,462

A summary of the net book value is as follows:

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
As at December 31, 2024						
Zancudo Project	\$ 8,285	\$ 10,934	\$ 601	\$ -	\$ -	\$ 19,820
Phosphates Project	-	-	45	-	-	45
Lomero Project	-	-	443	92	68	603
Corporate	-	-	-	-	32	32
Net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
As at December 31, 2023						
Zancudo Project	\$ 2,740	\$ 4,307	\$ 681	\$ -	\$ 23	\$ 7,751
Phosphates Project	-	-	52	-	-	52
Lomero Project	-	-	216	110	245	571
Corporate	-	-	-	-	88	88
Net book value	\$ 2,740	\$ 4,307	\$ 949	\$ 110	\$ 356	\$ 8,462

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As at December 31, 2024, accounts payable and accrued liabilities (Note 10) and other liabilities includes \$3.1 million related to expenditures on plant and equipment (2023 - \$0.1 million).

6. EXPLORATION AND EVALUATION ASSETS

	Zancudo	Guia Antigua	Phosphates	Lomero	Total	Total
Year ended December 31, 2024						
Opening net book value	\$ -	\$ -	\$ 1,200	\$ 37,261	\$ 7,120	\$ 45,581
Acquisition of CRI assets (Note 6e)	-	-	-	2,439	-	2,439
Additions	-	-	-	2,404	792	3,196
Share-based compensation	-	-	-	39	-	39
Exchange difference	-	-	(160)	(2,501)	(447)	(3,108)
Closing net book value	\$ -	\$ -	\$ 1,040	\$ 39,642	\$ 7,465	\$ 48,147
Year ended December 31, 2023						
Opening net book value	\$ 151	\$ 2,223	\$ -	\$ 32,105	\$ 4,400	\$ 38,879
Acquisition of Phosphates Project (Note 6d)	-	-	1,094	-	-	1,094
Additions	2,229	-	-	4,003	2,552	8,784
Share-based compensation	74	-	-	76	-	150
Dispositions (Note 6c)	-	(2,246)	-	-	-	(2,246)
Transfer to plant and equipment (Note 6)	(2,740)	-	-	-	-	(2,740)
Exchange difference	286	23	106	1,077	168	1,660
Closing net book value	\$ -	\$ -	\$ 1,200	\$ 37,261	\$ 7,120	\$ 45,581

a) As at December 31, 2024, accounts payable and accrued liabilities (Note 10) includes \$0.5 million related to expenditures on E&E assets (2023 - \$0.6 million).

b) *Zancudo Project*

The Company owns a 100% interest in the Zancudo Project located in the municipality of Titiribi, in the mining district of Antioquia, Colombia. The Zancudo Project is subject to a total of 4% net smelter royalty ("NSR") on future production from the project, payable in cash, including a 3% NSR sold on March 27, 2024 to arm's length third parties for which the Company received cash proceeds totaling \$5.0 million (Note 9).

c) *Guia Antigua Project*

The Company owned the right for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project which is located northeast of Medellin within the Segovia mining title owned by Aris Mining Corporation ("Aris Mining") in the Department of Antioquia, Colombia. On February 22, 2023, the Company entered into a Letter of Agreement with Aris Mining, a related party (Note 18), to terminate the license agreement associated with the Guia Antigua Project. In exchange, on February 27, 2023, Aris Mining paid COP10,692,000,000 (equivalent to approximately \$2.2 million) to the Company. The termination of the license agreement resulted in a \$1.9 million non-cash loss driven by the recognition of a foreign currency related cumulative translation adjustment.

d) *Phosphates Project, Colombia*

On July 5, 2023, the Company acquired 100% of the issued and outstanding shares of Emerene Corporation S.A. ("Emerene"), a Panamanian company which owns several phosphorite mining rights in Boyacá, Colombia (the "Phosphates Project"). The Company issued a total of 2,700,000 common shares to an arm's length third party for consideration of approximately \$1.1 million and paid transaction costs of \$34,000 in cash associated with the acquisition of Emerene.

The acquisition of Emerene was accounted for as an asset acquisition, with the acquisition costs paid allocated primarily to the E&E assets related to the phosphorite mining rights, including an advance related to a pending

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transfer of a concession to the Company subject to the receipt of local regulatory approval. The acquisition costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount.

The total purchase price was allocated based on the estimated fair value of the assets and the liabilities acquired as set out in the following table:

Consideration paid	
Fair value of 2,700,000 common shares issued by the Company	\$ 1,082
Transaction costs	34
Total consideration paid	\$ 1,116
Estimated fair value of Emerene assets and liabilities at the acquisition date of July 5, 2023	
Other receivables	\$ 4
Plant and equipment	48
Advance for future acquisition of E&E assets	448
E&E assets	646
Accounts payable and accrued liabilities	(30)
Assets acquired and liabilities assumed	\$ 1,116

e) *Lomero Project*

The Company owns a 100% interest in the Lomero Project, also identified as Rubia, covering the areas occupied by the former Lomero-Poyatos Concessions and the mine within them in southern Spain. The Lomero Project is subject to a 2% NSR on future production from the project, payable in cash to third parties.

In August 2021, the Company, through Alto, entered into an agreement with the creditors of Corporation de Recursos Iberia SL ("CRI") pursuant to which it agreed to acquire all the assets of CRI related to the Lomero Project, including, but not limited to, physical assets, lands, warehouse and exploration assets, in exchange for making payments to the creditors of CRI. CRI was involved in a bankruptcy process in Spain and, on May 23, 2024 (the "Acquisition Date"), the Commercial Court nº 12 of Madrid approved the Company's agreement with the creditors of CRI. In aggregate, the Company agreed to pay a total of EUR 1.9 million (equivalent to approximately \$2.1 million) to the creditors of CRI, including EUR 1.3 million (equivalent to \$1.4 million) that will be paid in five instalments over a four-year period. Cash in trust of approximately \$0.4 million was used in June 2024 to fund certain payments to the creditors of CRI. In connection with the acquisition, the Company had historically incurred \$0.8 million of costs that were considered deferred acquisition costs until the completion of the transaction and incurred an additional \$0.4 million of transaction costs during the year ended December 31, 2024. The acquisition of the CRI assets was accounted for as an asset acquisition, with the acquisition costs paid allocated primarily to the E&E assets related to the Lomero Project. The transaction costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount. The total consideration payable and the allocation, based on estimated fair values, to the assets acquired is summarized in the following table:

Consideration paid or payable	
Due within one year, including amounts settled by cash in trust	\$ 1,218
Due beyond one year	850
Total undiscounted payments due to creditors of CRI (EUR 1.9 million)	2,068
Less: discount on amount payable to creditors of CRI	(508)
Discounted amount of payments due to creditors of CRI at the Acquisition Date	1,560
Deferred acquisition costs and transaction costs	1,170
Total consideration	\$ 2,730
Fair values assigned to the CRI assets at the Acquisition Date	
Plant and equipment	\$ 291
E&E assets	2,439
Total assets acquired	\$ 2,730

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f) Toral Project

On November 22, 2022, the Company entered into a definitive option agreement (the "Toral Definitive Agreement") with Europa Metals Ltd. ("Europa") pursuant to which Europa granted two options to the Company to acquire up to an 80% ownership interest in Europa Metals Iberia S.L. ("EMI"), a wholly-owned Spanish subsidiary of Europa which holds the Toral Zn-Pb-Ag Project (the "Toral Project"), Leon Province, Northern Spain. The Company also granted a 1% NSR on any future production of minerals from the Toral Project to a third party.

Pursuant to the Toral Definitive Agreement, the Company was granted a First Option, exercisable until November 22, 2025 (subject to a 90-day extension in certain circumstances), to subscribe for a 51% equity interest in EMI by (i) spending, as operator, a total of \$4.0 million on the Toral Project over the three-year period ending November 22, 2025, (ii) completing a preliminary economic assessment, and (iii) completing and submitting a mining license application in respect of the Toral Project to the local mining authority by July 31, 2023, which has been completed. As of November 12, 2024, the Company had funded a total of approximately \$3.1 million during the First Option period related to EMI's exploration program pursuant to a loan agreement dated November 22, 2022 between the Company, Europa and EMI (the "EMI Loan").

The Toral Definitive Agreement also provided the Company with a Second Option to acquire an additional 29% equity interest in EMI by delivering a prefeasibility study and making a cash payment of \$2.0 million to Europa within the 12-month period following the closing of the First Option.

On November 12, 2024, the Company completed the acquisition of 100% of the issued and outstanding shares of EMI (the "EMI Acquisition") from Europa. Europa also assigned its amount receivable from EMI of EUR 4.0 million (equivalent to \$4.2 million) to the Company on closing of the EMI Acquisition. The purchase price consisted of \$3.6 million related to the issuance of 7,000,000 common shares of the Company to Europa on closing of the EMI Acquisition, as well as the settlement of the EMI Loan. The value of the shares issued by the Company was based on the closing price of the Company's shares on Cboe Canada on November 12, 2024 of CA\$0.73 per share. The Toral Definitive Agreement was terminated on closing of the EMI Acquisition.

Since the Company retained control of EMI, the acquisition was accounted for as an equity transaction. On closing of the transaction, Non-Controlling Interests was reduced by \$2.5 million and the amount payable by EMI to Europa of \$4.2 million was eliminated. There was no adjustment to the carrying value of EMI's assets and liabilities. The difference of approximately \$3.1 million between the share consideration issued to Europa and these amounts was recognized in Deficit.

7. INVESTMENT IN RIO NARCEA RECURSOS, S.A. JOINT VENTURE

On November 29, 2023, the Company, through Alto, a wholly-owned subsidiary of the Company in Spain and owner of the Lomero Project, entered into a definitive agreement (the "RNR Agreement") with the third party shareholders of RNR (collectively, the "RNR Shareholder Group") to acquire a 50% interest in RNR, which owns a 5,000 tonnes per day processing plant and has the rights to exploit the historic producing Aguablanca nickel-copper mine located in Monesterio, Extremadura, Spain.

Under the RNR Agreement, Alto acquired 50% of all of the issued and outstanding shares of RNR in an arm's length transaction with the RNR Shareholder Group for cash consideration totaling EUR 25 million (equivalent to approximately US\$27 million), of which EUR 2.5 million was paid on signing of the RNR Agreement in 2023 and the balance of EUR 22.5 million to be paid in 2024. The amount payable to the RNR Shareholder Group was initially scheduled to be paid in instalments of EUR 5.0 million on March 31, 2024 and approximately EUR 5.8 million at the end of each of June, September and December 2024. The amount payable to the RNR Shareholder Group was non-interest bearing and was initially recorded at a discounted amount at the acquisition date using an effective interest rate of 21.53%.

In addition, Alto and the RNR Shareholder Group entered into a Shareholders' Agreement (the "Shareholder Agreement") pursuant to which Alto appointed three members to the RNR board of directors and the RNR Shareholder Group appointed the remaining three members. Pursuant to the Shareholder Agreement, Alto was appointed as the operator of the Aguablanca Project. RNR was initially recognized as a joint venture in which the Company, through Alto, had joint control. The acquisition of RNR was determined to be an asset acquisition. The investment in the joint venture was accounted for using the equity method.

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The Company also agreed to pay a finder's fee of EUR 0.2 million (equivalent to approximately \$0.2 million) to an unrelated third party. During the year ended December 31, 2024, 50% of the finder's fee was paid in cash and the balance was settled through an issuance of common shares to the finder (Note 12b).

The Company made capital contributions of approximately \$1.4 million to RNR during the year ended December 31, 2024 (2023 - \$Nil).

During the year ended December 31, 2024, the Company and the RNR Shareholder Group mutually agreed to modify the instalment schedule for the remaining acquisition payments. Pursuant to an amendment to the RNR Agreement dated March 19, 2024, the instalment due on March 31, 2024 was modified with EUR 2.5 million being paid on April 2, 2024 and EUR 2.5 million being paid on June 5, 2024. On June 25, 2025, the Company and the RNR Shareholder Group agreed to modify the instalment due on June 30, 2024 with EUR 2.5 million being paid on July 1, 2024 and the balance of approximately EUR 3.3 million to be deferred for payment on receipt of the Water Concession for the use of groundwater in the mining operation. These changes to the instalment schedule resulted in gains on debt modifications totaling approximately \$0.3 million recognized in the consolidated statement of operations during the year ended December 31, 2024. As at December 27, 2024, the Company had paid a total of EUR 10.25 million (equivalent to approximately \$11.2 million) to the RNR Shareholder Group and had a balance payable of EUR 14.75 million (equivalent to approximately \$15.4 million)

On December 27, 2024, the Company sold a 29% interest in RNR (the "RNR Sale Transaction") to the RNR Shareholder Group in exchange for a EUR 14.5 million (equivalent to \$15.1 million) reduction in the amount payable associated with the acquisition of the Company's initial 50% interest in RNR. The Company also agreed to make a final payment of EUR 0.25 million (equivalent to approximately \$0.3 million) related to its remaining 21% interest in RNR which was completed in January 2025.

In conjunction with the RNR Sale Transaction, the Company and the RNR Shareholder Group agreed to a new Shareholder Agreement, providing the Company with the right to appoint two of the six members of the RNR board of directors (previously the Company had 50% representation), establishing protective rights in key decisions related to the governance of RNR and providing the Company with a right of first refusal to increase its stake in RNR in the future. In addition, the Company retained its role as operator of the Aguablanca project, responsible for resuming operations at the RNR plant and the Aguablanca underground mine. As such, the Company determined that it maintains joint control over RNR and therefore has continued to account for its 21% interest in RNR as an investment in joint venture using the equity method. Pursuant to the new Shareholder Agreement, the Company is responsible to arrange the financing required by RNR for the capital investments to develop the Aguablanca Project and will be obligated to pay a EUR 2 million penalty to the RNR Shareholder Group if the financing does not commence within 12 months of RNR having all the required permits, including the pending Water Concession, for the reactivation of the Aguablanca Project.

The following tables summarize the consolidated financial information of RNR on a 100% basis, taking into account adjustments made by the Company for equity accounting purposes and fair value adjustments, on each of December 31, 2024 and December 31, 2023:

	December 31, 2024	December 31, 2023
Total current assets	\$ 1,963	\$ 79
Total non-current assets	65,780	66,812
Total current liabilities	(7,501)	(6,089)
Total non-current liabilities	(12,662)	(12,684)
Total net assets	\$ 47,580	\$ 48,118

	Year Ended December 31, 2024	Month Ended December 31, 2023
Revenue	\$ -	\$ -
Net loss	298	122
Other comprehensive income (loss)	-	-

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Reconciliation of RNR's net assets to the carrying value of the Company's investment in the RNR joint venture is as follows:

Net assets of RNR at assigned values at acquisition date	\$ 47,585
Net loss for the month ended December 31, 2023	(122)
Exchange difference	655
Net assets of RNR at December 31, 2023	48,118
Capital contributions for the year ended December 31, 2024	2,801
Net loss for the year ended December 31, 2024	(298)
Exchange difference	(3,041)
Net assets of RNR at December 31, 2024	47,580
Equity interest	21%
Investment in RNR joint venture at December 31, 2023	\$ 9,992

A summary of the changes in the investment in RNR since the date of the initial acquisition is as follows:

	Amount
As at January 1, 2023	\$ -
Acquisition of 50% interest in RNR	
Cash consideration paid on closing of the RNR Agreement (EUR 2.5 million)	2,776
Discounted amount payable through instalments in 2024 (EUR 22.5 million)	21,016
Total consideration at acquisition date of November 29, 2023	23,792
Equity share of loss in RNR	(61)
Exchange difference	328
As at December 31, 2023	24,059
Capital contributions to RNR	1,422
Equity share of loss in RNR	(149)
Reduction of investment on disposal of 29% interest in RNR	(13,893)
Exchange difference	(1,447)
As at December 31, 2024	\$ 9,992

The following table summarizes the changes in the amount payable related to the acquisition of the investment in RNR since the date of the initial acquisition:

	Amount
As at January 1, 2023	\$ -
Undiscounted amount payable in instalments at the acquisition date (EUR 22.5 million)	24,499
Discount on amount payable to RNR Shareholder Group	(3,483)
Discounted amount payable on acquisition date of November 29, 2023	21,016
Accretion	397
Exchange difference	295
As at December 31, 2023	21,708
Instalments paid (EUR 7.75 million)	(8,396)
Accretion (Note 16)	3,351
Gains on modifications of debt	(278)
Reduction of investment on disposal of 29% interest in RNR	(15,118)
Exchange difference	(1,008)
As at December 31, 2024	\$ 259

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8. CONVERTIBLE DEBENTURES

	December 31, 2024	December 31, 2023
Convertible Debentures due 2029 (Note 8a)	\$ 19,379	\$ 22,653
Convertible Debentures due 2030 (Note 8b)	10,107	-
Total Convertible Debentures	\$ 29,486	\$ 22,653

a) Convertible Debentures due 2029

	Number	Amount
Issued on closing of first tranche on October 19, 2023	6,494,000	\$ 4,734
Issued on closing of second tranche on October 31, 2023	14,138,000	10,192
Total issued	20,632,000	14,926
Change in FVTPL	-	6,705
Change in FVOCI due to changes in credit risk	-	176
Exchange difference	-	846
As at December 31, 2023	20,632,000	\$ 22,653
Conversions of Convertible Debentures due 2029	(1,380,000)	(1,970)
Change in FVTPL	-	3,124
Change in FVOCI due to changes in credit risk	-	181
Gain on modification of Convertible Debentures due 2029	-	(2,958)
Issuance of consent fee debentures	304,000	302
Exchange difference	-	(1,953)
As at December 31, 2024	19,556,000	\$ 19,379

In October 2023, the Company closed a private placement in two tranches issuing a total of CA\$20.6 million aggregate principal amount (equivalent to approximately \$14.9 million) of senior unsecured convertible debentures (the "Convertible Debentures due 2029").

On March 4, 2024, the Convertible Debentures due 2029 commenced trading on Cboe Canada under the symbol "DMET.DB".

On December 31, 2024, the Convertible Debentures due 2029 were amended through a consent solicitation process to i) defer the commencement of the quarterly gold premium payments by one year to January 31, 2026 and ii) extend the maturity date by one year to October 19, 2029. Holders of the Convertible Debentures due 2029 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of the number of Convertible Debentures due 2029 they held. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures due 2029, denominated in a principal amount of \$1.00 per Convertible Debentures due 2029. Based on the consents received, the Company issued a total of 304,000 consent fee debentures to holders of the Convertible Debentures due 2029. The amendments resulted in a \$3.0 million decrease in the fair value of the Convertible Debentures due 2029 which was recorded as a gain on modification of Convertible Debentures in the statement of operations for the year ended December 31, 2024.

The Convertible Debentures due 2029 are non-callable and mature and become payable in full at maturity on October 19, 2029, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures due 2029 bear interest at 12% per annum, paid monthly in equal installments in cash. At closing in October 2023, the Company had set aside a portion of the gross proceeds amounting to a total of approximately CA\$2.5 million (equivalent to approximately \$1.8 million) in trust to fund the monthly interest payments during the first 12 months of the term of the Convertible Debentures due 2029. At December 31, 2024, cash held in trust for future interest payments on the Convertible Debentures due 2029 amounted to \$nil (December 31, 2023 – CA\$2.0 million, equivalent to approximately \$1.5 million).

Commencing January 31, 2026, and at the end of each quarter thereafter, the Company will pay a gold premium in cash on the principal amount of the Convertible Debentures due 2029. The gold premium will be

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calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds \$1,800 per ounce (the "2023 Floor Price") divided by (ii) the 2023 Floor Price.

At any time prior to maturity, the Convertible Debentures due 2029 are convertible at a holder's option into common shares of the Company at a conversion price of CA\$0.45 per share (the "2023 Conversion Option"). The Convertible Debentures due 2029 are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures due 2029 were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income.

The fair value of the Convertible Debentures due 2029 at December 31, 2024 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures due 2028, including the 2023 Conversion Option, gold futures curve, Company share price of CA\$0.68 per share, share price volatility of 108.29%, risk free interest rate of 2.69%, dividend yield of 0.00% and credit spread of 50.80%. In valuing the Convertible Debentures due 2028, the Company applied a liquidity discount of 33.34% from the Black-Scholes value.

During the year ended December 31, 2024, the Company recorded a loss on fair value of \$3.1 million (2023 - \$6.7 million) related to the Convertible Debentures due 2029 in the statement of operations, and a loss of approximately \$0.2 million (2023 - \$0.2 million) related to the change in credit risk associated with the Convertible Debentures due 2029 in the statement of other comprehensive income.

During the year ended December 31, 2024, the Company issued 3,066,666 common shares on conversions of CA\$1,380,000 aggregate principal amount of Convertible Debentures due 2029.

b) Convertible Debentures due 2030

	Number	Amount
Issued on closing of first tranche on May 30, 2024	10,025,000	\$ 7,329
Issued on closing of second tranche on June 25, 2024	3,783,000	2,765
Total Convertible Debenture Units issued	13,808,000	10,094
Value allocated to Convertible Debenture Warrants (Note 12c)	-	(1,274)
Value allocated to Convertible Debentures due 2030	13,808,000	8,820
Conversion of Convertible Debentures due 2030	(50,000)	(38)
Change in FVTPL	-	2,955
Change in FVOCI due to changes in credit risk	-	(2)
Gain on modification of Convertible Debentures due 2030	-	(1,264)
Issuance of consent fee debentures	272,460	196
Exchange difference	-	(560)
As at December 31, 2024	14,030,460	\$ 10,107

In May and June 2024, the Company closed two tranches of a private placement, issuing a total of 13.8 million convertible debenture units ("Convertible Debenture Units") for total gross cash proceeds of CA\$13.8 million (equivalent to approximately \$10.1 million). The Convertible Debenture Units comprised an aggregate principal amount of CA\$13.8 million of senior unsecured convertible debentures (the "Convertible Debentures due 2030") and 6.9 million unlisted warrants (the "Convertible Debenture Warrants") of the Company (Note 12c). Total issuance costs related to the Convertible Debenture Units amounted to approximately \$0.3 million, most of which was recognized in finance costs in the year ended December 31, 2024 related to the Convertible Debentures due 2030. A portion of the issuance costs was allocated to the Convertible Debenture Warrants and recognized in the statement of equity in the year ended December 31, 2024.

On December 31, 2024, the Convertible Debentures due 2030 were amended through a consent solicitation process to i) defer the commencement of the quarterly gold premium payments by one year to June 30, 2026 and ii) extend the maturity date by one year to May 30, 2030. Holders of the Convertible Debentures due 2030 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of

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the number of Convertible Debentures due 2030 they hold. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures due 2030, denominated in a principal amount of \$1.00 per Convertible Debentures due 2030. Based on the consents received, the Company issued a total of 272,460 consent fee debentures to holders of the Convertible Debentures due 2030. The amendments resulted in a \$1.3 million decrease in the fair value of the Convertible Debentures due 2030 which was recorded as a gain on modification of Convertible Debentures in the statement of operations for the year ended December 31, 2024.

The Convertible Debentures due 2030 are non-callable and mature and become payable in full at maturity on May 30, 2030, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures due 2030 bear interest at 12% per annum, paid monthly in equal installments in cash. At closing in 2024, the Company set aside a portion of the gross proceeds amounting to a total of approximately CA\$1.7 million (equivalent to approximately \$1.2 million) in trust to fund the monthly interest payments during the first 12 months of the term of the Convertible Debentures due 2030. At December 31, 2024, cash held in trust for future interest payments on the Convertible Debentures due 2030 amounted to CA\$0.7 million (equivalent to approximately \$0.5 million).

Commencing June 30, 2026, and at the end of each quarter thereafter, the Company will pay a gold premium in cash on the principal amount of the Convertible Debentures due 2030. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds \$2,000 per ounce (the "2024 Floor Price") divided by (ii) the 2024 Floor Price.

At any time prior to maturity, the Convertible Debentures due 2030 are convertible at a holder's option into common shares of the Company at a conversion price of CA\$0.60 per share (the "2024 Conversion Option"). The Convertible Debentures due 2030 are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures due 2030 were recorded at fair value at inception and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income.

The fair values of the liability component of the Convertible Debentures due 2030 at inception were determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures due 2030, including the 2024 Conversion Option, gold futures curve and the following inputs:

	First Tranche	Second Tranche
Issue date	May 30, 2024	June 25, 2024
Company share price	CA\$0.63/ share	CA\$0.60/ share
Share price volatility	108.31%	108.30%
Risk free interest rate	3.64%	3.30%
Dividend yield	0.00%	0.00%
Credit spread	50.50%	50.59%
Liquidity discount	36.84%	36.84%

The fair value of the liability component of the Convertible Debentures due 2030 at December 31, 2024 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the Conversion Option, gold futures curve, Company share price of CA\$0.68 per share, share price volatility of 108.29%, risk free interest rate of 2.71%, dividend yield of 0.00% and credit spread of 50.80%. In valuing the Convertible Debentures due 2030, the Company applied a liquidity discount of 33.70% from the Black-Scholes value.

During the year ended December 31, 2024, the Company recorded a loss on fair value of \$3.0 million related to the Convertible Debentures due 2030 in the statement of operations, and a gain of less than \$0.1 million related to the change in credit risk associated with the Convertible Debentures due 2030 in the statement of other comprehensive income.

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9. NET SMELTER ROYALTY (“NSR”) LIABILITY

On March 27, 2024, the Company closed the sale of a 3% NSR on future production from its Zancudo Project to a syndicate of third-party investors for total cash consideration of \$5.0 million. Changes in the carrying value of the NSR liability during the year ended December 31, 2024 are set out as follows:

As at December 31, 2023	\$ -
Issuance of NSR, net of transaction costs	4,734
Accretion	39
Recognition of a portion of March 2025 Minimum Payment Adjustment	563
Total carrying value of the net smelter royalty payable as at December 31, 2024	\$ 5,336
Less: current portion, represented by 2025 Minimum Payment Adjustment recognized	(563)
Non-current portion	\$ 4,773

The NSR agreement includes a Minimum Payment Adjustment which is calculated on an annual basis, commencing March 31, 2025, until the Zancudo Project reaches commercial production as defined in the NSR agreement. The Minimum Payment Adjustment will be paid in cash to the NSR holders and represents the difference between \$750,000 and the aggregate amount of actual NSR paid to the NSR holders during the preceding 12-month period. Once commercial production is achieved, the Minimum Payment Adjustment is cancelled.

If commercial production, as defined in the NSR agreement, has not been achieved by the Zancudo Project by March 31, 2029, then the NSR holders may elect to sell to the Company, and the Company shall be obligated to purchase, the NSR for an amount equal to the upfront cash payment totaling \$5.0 million (the “Put Option”). Once commercial production has been achieved, the Put Option is cancelled.

This NSR obligation has been recognized as a financial liability, initially recorded at the value of the consideration received less transaction costs and subsequently measured at amortized cost. Transaction costs incurred related to the sale of the NSR, totalling approximately \$0.3 million, have been offset against the fair value of the NSR.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Related to operating, general and administrative expenses	\$ 684	\$ 574
Related to expenditures for mineral property, plant and equipment (Note 5)	2,478	99
Related to expenditures for E&E assets (Note 6a)	474	603
Related to acquisition of CRI assets, including transaction costs (Note 6e)	1,181	-
Brockville promissory note	487	-
Short-term borrowings	620	-
Total accounts payable and accrued liabilities	5,924	1,276
Non-current portion related to acquisition of CRI assets	(595)	-
Non-current portion related to expenditures for mineral property, plant and equipment	(856)	-
Current portion	\$ 4,473	\$ 1,276

In December 2024, Brockville International Holdings Ltd. (“Brockville”), an entity controlled by the Executive Chairman of the Company, advanced CA\$0.7 million (equivalent to \$0.5 million) to the Company by way of a promissory note (“Brockville Promissory Note”) maturing June 30, 2025. The proceeds were used by the Company toward the funding for the remaining acquisition payments totalling EUR 0.5 million owing to the RNR Shareholder Group (Note 7) in connection with the Company’s acquisition of a 21% equity interest in RNR. The Brockville Promissory Note bears interest at 12% per annum and was settled in March 2025 in conjunction with the Company’s non-broking private placement (Notes 19b, 19c).

As at December 31, 2024, the Company has borrowings under a short-term facility totalling approximately \$0.6 million to fund expenditures related to the development of its Zancudo Project. These borrowings have a term of 90 days and were repaid in March 2025. The Company is required to pay a facility fee of 1% upon receipt of the funds and to make monthly interest payments at a rate of 2.1%.

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11. LEASES

The lease obligations are summarized as follows:

	Maturity	Currency	Interest rate	December 31, 2024	December 31, 2023
Leases	2026	EUR	7.90%	\$ 73	\$ 253
Leases	2024	COP	11.61%	-	24
Leases	2025	CAD	7.07%	35	93
Total lease obligations				108	370
Less: current portion				87	250
Non-current portion				\$ 21	\$ 120

The table below summarizes the changes in lease obligations during the years ended December 31, 2024 and 2023:

	Amount
As at January 1, 2023	\$ 227
Additions	317
Accretion	24
Lease payments	(210)
Exchange difference	12
As at December 31, 2023	\$ 370
Additions	1
Accretion	17
Lease payments	(266)
Exchange difference	(14)
As at December 31, 2024	\$ 108

The undiscounted and discounted future lease payments are as follows:

	December 31, 2024	December 31, 2023
Within one year	\$ 89	\$ 267
More than one year	21	124
Total undiscounted lease obligations	110	391
Amount representing interest	(2)	(21)
Lease obligations – discounted	\$ 108	\$ 370

During the year ended December 31, 2024, the Company recognized total payments in the consolidated statement of cash flows in the amount of \$266,000 (2023 - \$210,000).

Scheduled future undiscounted lease payments, comprising principal and interest, are as follows:

	2025	2026	Total
Total payments	\$ 89	\$ 21	\$ 110

12. SHARE CAPITAL

a) Authorized

Authorized share capital comprises an unlimited number of common shares without par value and 10,000,000 preferred shares at \$1.00 par value. No preferred shares have been issued.

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b) Issued and fully paid

A summary of the change in the issued and outstanding common shares during the years ended December 31, 2024 and 2023 is as follows:

	Shares	Amount
Balance, January 1, 2023	20,762,188	\$ 94,903
Shares issued in the Rights Offering	20,762,188	3,783
Share issue costs related to the Rights Offering	-	(76)
Shares issued in the 2023 Private Placement	18,699,125	3,619
Share issue costs related to the 2023 Private Placement	-	(193)
Issuance of common shares in acquisition of Phosphates Project (Note 6d)	2,700,000	1,082
Total Finder's Fee settled in shares	244,529	115
Balance, December 31, 2023	63,168,030	103,233
Conversion of Convertible Debentures due 2029 (Note 8a)	3,066,666	1,970
Conversion of Convertible Debentures due 2030 (Note 8b)	83,333	38
Shares issued in the August 2024 Private Placement	8,473,332	2,751
Shares issued in the October 2024 Private Placement	8,298,300	2,457
Issuance of common shares in acquisition of EMI (Note 6f)	7,000,000	3,613
Issuance of common shares to settle finder's fee for RNR investment (Note 7)	231,123	130
Exercise of Rights Offering Warrants	443,796	245
Exercise of 2023 Private Placement Warrants	2,662,500	1,449
Exercise of Convertible Debenture Warrants	205,986	128
Exercise of stock options	200,000	113
Balance, December 31, 2024	93,833,066	\$ 116,127

August 2024 Private Placement

On August 13, 2024, the Company closed the first tranche of a private placement (the "August 2024 Private Placement") issuing a total of 7,362,221 common shares of the Company at a price of CA\$0.45 per common share for gross cash proceeds of CA\$3.3 million (approximately \$2.4 million). On September 5, 2024, the Company closed the final tranche of the August 2024 Private Placement issuing an additional 1,111,111 common shares of the Company at a price of CA\$0.45 per common share for gross cash proceeds of CA\$0.5 million (approximately \$0.4 million). Transaction costs related to the August 2024 Private Placement amounted to less than \$0.1 million.

October 2024 Private Placement

On October 31, 2024, the Company completed a non-brokered private placement (the "October 2024 Private Placement") of 8,298,300 Units at CA\$0.55 per Unit for gross proceeds of approximately CA\$4.6 million (approximately \$3.3 million). Each Unit consisted of one common share and one-half common share purchase warrant ("2024 Private Placement Warrant"). Each full 2024 Private Placement Warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.85 per common share at any time on or before October 31, 2026. In conjunction with the October 2024 Private Placement, the Company paid a total of approximately CA\$0.1 million of fees in cash to certain arm's length agents and brokers who acted as finders.

The aggregate fair value of the Units issued in the October 2024 Private Placement amounted to approximately \$3.3 million, of which approximately \$2.6 million was allocated to the common shares and approximately \$0.7 million was allocated to the fair value of the 2024 Private Placement Warrants. Total fair value of the Units issued in the October 2024 Private Placement was determined based on the quoted closing price of the Company's common shares and the fair value of the 2024 Private Placement Warrants as described in Note 12c.

Transaction costs related to the October 2024 Private Placement amounted to approximately \$0.2 million, of which less than \$0.1 million was allocated to the common shares and the balance was allocated to the 2024 Private Placement Warrants.

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RNR Finder's Fee Shares Issued in 2024

On October 17, 2024, the Company issued 231,123 common shares to pay the balance of a finder's fee related to the investment in RNR in the amount of EUR100,000 (equivalent to approximately \$0.1 million).

Toral Finder's Fee Shares

In 2022, the Company incurred a finder's fee with an arm's length third party for services rendered in connection with the acquisition of the Toral Project through the Toral Definitive Agreement (Note 6f). The finder's fee has been satisfied by the issuance of 457,163 common shares by the Company (the "Finder's Fee Shares") at an issue price of CA\$0.63 per share, being the closing price of the shares on the TSXV on November 22, 2022.

A portion of the Finder's Fee Shares were issued as certain milestones were reached by the Company during the First Option period as follows:

- On January 31, 2023, the Company issued 21,263 Finder's Fee Shares in connection with its initial payment to EMI.
- On May 24, 2023, the Company issued an additional 98,343 Finder's Fee Shares after meeting the second milestone with an aggregate sum of \$0.65 million of payments to EMI.
- On August 14, 2023, the Company issued an additional 124,923 Finder's Fee Shares after meeting the third milestone with an aggregate sum of \$1.65 million of payments to EMI.

As a result of the EMI Acquisition in November 2024 (Note 6f), the remaining 212,634 Finder's Fee Shares were issued in March 2025 and are subject to a four-month-and-one-day statutory hold period.

Rights Offering Completed in 2023

On March 2, 2023, the Company completed a Rights Offering to holders of Rights and certain persons ("Standby Guarantors") who provided a standby commitment to acquire Units available as a result of unexercised Rights under the Rights Offering. The Company issued an aggregate of 20,762,188 Units at a subscription price of CA\$0.40 per Unit for total gross cash proceeds of approximately CA\$8.3 million (equivalent to \$6.1 million). Each Unit consisted of one common share and one common share purchase warrant ("Rights Warrant") exercisable into a full common share at a price of CA\$0.60 per common share expiring March 2, 2026.

The aggregate fair value of the Units issued in the Rights Offering amounted to approximately \$6.4 million, of which approximately \$3.8 million was allocated to the common shares and approximately \$2.6 million was allocated to the fair value of the Rights Warrants, and the Company recorded a loss on financial instruments amounting to approximately \$0.3 million in the statement of operations during the year ended December 31, 2023. Total fair value of the Units issued in the Rights Offering was determined based on the quoted closing price of the Company's common shares and the fair value of the Rights Warrants as described in Note 12c.

Transaction costs related to the Rights Offering amounted to approximately \$0.2 million, of which approximately \$0.1 million was allocated to the common shares and the balance was allocated to the Rights Warrants.

2023 Private Placement

On April 4, 2023, the Company completed the 2023 Private Placement through the issuance of 18,432,500 units at a price of CA\$0.40 per Unit for total gross cash proceeds of approximately CA\$7.4 million (equivalent to \$5.5 million). Each Unit consisted of one common share and one common share purchase warrant ("2023 Private Placement Warrant") exercisable into a full common share at a price of CA\$0.60 per common share expiring April 4, 2026.

The aggregate fair value of the Units issued in the 2023 Private Placement amounted to approximately \$5.5 million, of which approximately \$3.6 million was allocated to the common shares and approximately \$1.9 million was allocated to the fair value of the 2023 Private Placement Warrants. Total fair value of the Units issued in the 2023 Private Placement was determined based on the quoted closing price of the Company's common shares and the fair value of the 2023 Private Placement Warrants as described in Note 12c.

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Transaction costs related to the 2023 Private Placement amounted to approximately \$0.3 million, of which approximately \$0.2 million was allocated to the common shares and the balance was allocated to the 2023 Private Placement Warrants. A portion of the transaction costs were settled through the issuance of 266,625 units to a third party finder which resulted in the issuance of an additional 266,625 common shares and an additional 266,625 2023 Private Placement Warrants.

c) Share Purchase Warrants

A summary of the change in the share purchase warrants outstanding during the years ended December 31, 2024 and 2023 is as follows:

	Outstanding	Common shares issuable	Weighted average exercise price per common share (CA\$)
Balance, January 1, 2023	75,803,700	7,580,370	\$ 8.00
Warrants issued in the Rights Offering	23,920,916	23,920,916	0.60
Warrants issued in the 2023 Private Placement	18,699,125	18,699,125	0.60
Balance, December 31, 2023	118,423,741	50,200,411	\$ 1.72
Issuance of Convertible Debenture Warrants (Note 8b)	6,904,000	6,904,000	0.60
Warrants issued in the October 2024 Private Placement	4,149,150	4,149,150	0.85
Exercise of Rights Offering Warrants ⁽¹⁾	(443,796)	(443,796)	0.60
Exercise of 2023 Private Placement Warrants ⁽¹⁾	(2,662,500)	(2,662,500)	0.60
Exercise of Convertible Debenture Warrants ⁽¹⁾	(205,986)	(205,986)	0.60
Balance, December 31, 2024	126,164,609	57,941,279	\$ 1.59

(1) Cash proceeds from the warrants exercised during the year ended December 31, 2024 amounted to CA\$1,987,369.

As described in Note 8b, the Company issued 6,904,000 Convertible Debenture Warrants with an exercise price of CA\$0.60 per share expiring on May 30, 2027. The estimated fair value of \$1.3 million was determined using the Black-Scholes option pricing model and level 3 fair value inputs, including expected share price volatility of 100.59%, risk free interest rate of 3.90%, dividend yield of 0%, expected average life of 3.0 years and a liquidity discount of 36.84% from the Black-Scholes value. The issuance costs of less than \$0.1 million related to the Convertible Debenture Warrants were recognized in the statement of equity.

As at December 31, 2024, the Company had the following warrants issued and outstanding:

	Number of warrants	Shares Issuable	Exercise price per share	Expiry date
Listed warrants (Cboe CA: DMET.WT)	75,000,000	7,500,000	CA\$8.00	March 17, 2026
Unlisted finder's warrants	803,700	80,370	CA\$8.00	March 17, 2026
Unlisted Rights Warrants	23,477,120	23,477,120	CA\$0.60	March 2, 2026
Unlisted 2023 Private Placement Warrants	16,036,625	16,036,625	CA\$0.60	April 4, 2026
Unlisted Convertible Debenture Warrants	6,698,014	6,698,014	CA\$0.60	April 4, 2026
Unlisted 2024 Private Placement Warrants	4,149,150	4,149,150	CA\$0.85	October 31, 2026
	126,164,609	57,941,279		

Subsequent to December 31, 2024, the Company issued 4,000 common shares for the exercise of unlisted warrants with an exercise price of CA\$0.60 per share.

d) Stock option plan

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees and consultants enabling them to acquire up to a total of 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by Cboe Canada.

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A summary of the change in the stock options outstanding during the years ended December 31, 2024 and 2023 is as follows:

	Outstanding	Weighted average exercise price per common share (CA\$)
Balance, January 1, 2023	1,822,500	\$ 4.52
Granted	4,600,000	0.52
Cancelled	(225,000)	4.48
Forfeited	(100,000)	0.55
Balance, December 31, 2023	6,097,500	1.57
Granted	400,000	0.59
Exercised ⁽¹⁾	(200,000)	0.52
Expired	(205,000)	4.47
Forfeited	(100,000)	0.55
Balance, December 31, 2024	5,992,500	\$ 1.46

⁽¹⁾ Cash proceeds from options exercised during the year ended December 31, 2024 amounted to CA\$104,000. The share price at the date the stock options were exercised was CA\$0.70.

A summary of share-based compensation expense resulting from the vesting of the Company's stock option grants is as follows:

	Years ended December 31,	
	2024	2023
Total share-based compensation cost recognized in the period		
Stock options granted in 2023	\$ 307	\$ 620
Stock options granted in 2024	67	-
	374	620
Less: amounts capitalized to mineral property, plant and equipment and E&E assets (Notes 5, 6)	76	150
Share-based compensation expense	\$ 298	\$ 470

A summary of the inputs used in the determination of the fair value of the stock options granted during the year ended December 31, 2024 to two new non-executive directors, using the Black-Scholes option pricing model, is as follows:

Grant date	February 8, 2024	July 11, 2024
Number of stock options granted	200,000	200,000
Term	5 years	5 years
Vesting	1 year	1 year
Weighted average Black-Scholes option pricing model inputs		
Market price per share	CA\$0.59	CA\$0.59
Exercise price per share	CA\$0.59	CA\$0.59
Dividends expected	Nil	Nil
Expected volatility	98.10%	104.53%
Risk-free interest rate	4.03%	3.88%
Expected life of options	2.5 years	2.5 years
Fair value per option	\$ 0.25	\$ 0.27
Share-based compensation expense recognized in the year ended December 31, 2024	\$ 45	\$ 25

During the year ended December 31, 2023, the Company granted stock options to directors, executive officers, management and consultants. A summary of the grants, and the inputs used in the determination of the fair values of the stock options using the Black-Scholes option pricing model, is as follows:

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Grant date	May 3, 2023	July 25, 2023	August 8, 2023
Number of stock options granted	4,200,000	200,000	200,000
Term	5 years	3 years	3 years
Vesting	1 year	Over 1 year	Over 1 year
Share-based compensation expense	\$ 430	\$ 31	\$ 9
Share-based compensation capitalized (Note 6)	150	-	-
Fair value per option	\$ 0.21	\$ 0.21	\$ 0.18
Weighted average Black-Scholes option pricing model inputs			
Market price of the shares	CA\$0.48	CA\$0.45	CA\$0.43
Exercise price	CA\$0.52	CA\$0.55	CA\$0.55
Dividends expected	Nil	Nil	Nil
Expected volatility	102.94%	99.85%	99.99%
Risk-free interest rate	3.59%	4.19%	4.24%
Expected life of options	2.5 years	2.8 years	2.0 years

The table below summarizes information about the stock options outstanding and the common shares issuable as at December 31, 2024:

Expiry date	Stock Options Outstanding	Vested Stock Options	Remaining contractual life in years	Exercise price (CA\$/share)
June 30, 2026	515,000	515,000	1.5	\$ 4.45
July 25, 2026	200,000	200,000	1.6	0.55
November 22, 2026	260,000	260,000	1.9	6.50
May 3, 2028	4,000,000	4,000,000	3.3	0.52
February 8, 2029	200,000	-	4.1	0.59
July 11, 2029	200,000	-	4.5	0.59
August 27, 2030	127,500	127,500	5.7	1.00
February 19, 2031	490,000	490,000	6.1	4.50
	5,992,500	5,592,500	3.4	\$ 1.46

e) *Loss per share*

For the years ended December 31, 2024 and 2023, the stock options and warrants were anti-dilutive.

13. FINANCIAL RISK MANAGEMENT

a) *Credit risk*

The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly-rated Canadian, Colombian and Spanish financial institutions.

b) *Foreign currency risk*

The Company is exposed to foreign currency fluctuations in USD, EUR and COP. Such exposure arises primarily from expenditures that are denominated in currencies other than the functional currency which is denominated in CA. The Company monitors its exposure to foreign currency risks. To reduce its foreign currency exposure associated with operating expenses incurred in USD, EUR and COP, the Company may enter into foreign currency derivatives to manage such risks. For the years ended December 31, 2024 and 2023, the Company did not utilize derivative financial instruments to manage this risk.

The following table summarizes, in USD equivalents, the Company's major currency exposure as at December 31, 2024 in USD, EUR and COP arising from foreign currency monetary assets and liabilities and foreign currency components:

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	USD	EUR	COP
Cash	\$ 221	\$ 138	\$ 85
Other receivables	-	111	12
Investment in joint venture	-	9,992	-
Accounts payable and accrued liabilities	(278)	(1,681)	(2,145)
Amount payable related to acquisition of joint venture	-	(259)	-
Lease obligations	-	(73)	-
Other liabilities	-	(267)	(856)
Net financial assets (liabilities)	\$ (57)	\$ 7,961	\$ (2,904)

Based on the net exposure at December 31, 2024, a 10% depreciation or appreciation of the USD against the CA would result in a \$5,000 increase or decrease in the Company's after-tax net loss and a 10% depreciation or appreciation of the EUR and COP against the CA would result in a \$724,000 and \$264,000 decrease or increase, respectively in the Company's other comprehensive loss.

c) Liquidity risk

The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. As at December 31, 2024, the Company has cash and cash equivalents of approximately \$1.1 million, no production and no source of revenue. As such, cash inflows are dependent on the Company's ability to obtain financing through the issuance of additional securities, entering into debt or credit facilities, or entering into joint ventures, partnerships or other similar arrangements.

The Company's undiscounted commitments as at December 31, 2024 consist of the following:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 3,887	\$ 656	\$ 200	\$ -	\$ 4,743
Payable related to acquisition of CRI assets	749	545	272	-	1,566
Lease obligations	89	21	-	-	110
Convertible Debentures	-	-	13,596	9,754	23,350
NSR liability	750	1,500	6,500	-	8,750
Other liabilities	-	132	88	47	267
Amount payable related to acquisition of joint venture	259	-	-	-	259
Total	\$ 5,734	\$ 2,854	\$ 20,656	\$ 9,801	\$ 39,045

d) Fair value risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair values of cash and cash equivalents, cash in trust, other receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these financial instruments.

e) Capital management

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders of \$39.7 million (December 31, 2023 – \$38.7 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions.

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In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. The Company is not subject to any externally imposed capital requirements.

14. SEGMENT DISCLOSURES

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. In determining the Company's segment structure, the Company considered the basis on which the chief operating decision-maker reviews the financial and operational performance and whether any of the Company's exploration operations share similar economic, operational and regulatory characteristics. The Company considers its Zancudo Project, Phosphates Project and former Guia Antigua Project in Colombia, its Rio Narcea, Lomero and Toral Projects in Spain and its corporate functions in Canada as its reportable segments.

The following table shows the Company's reportable segments and its geographic locations:

	Colombia	Spain	Corporate	Total
Year ended December 31, 2024				
Net loss	\$ (386)	\$ (2,705)	\$ (6,834)	\$ (9,925)
Capital expenditures (Notes 5, 6)	14,122	5,967	-	20,089
As at December 31, 2024				
Total assets	\$ 21,227	\$ 58,213	\$ 1,613	\$ 81,053
Total liabilities	8,337	2,280	30,763	41,380
Year ended December 31, 2023				
Net loss	\$ (1,949)	\$ (800)	\$ (11,687)	\$ (14,436)
Capital expenditures (Notes 5, 6)	6,673	6,914	-	13,587
As at December 31, 2023				
Total assets	\$ 9,378	\$ 69,637	\$ 10,428	\$ 89,443
Total liabilities	397	27,163	23,202	50,762

15. INCOME TAX

A reconciliation between income tax expense and the product of the accounting income before income taxes multiplied by the Company's domestic federal and provincial combined tax rate is provided below:

	Years ended December 31,	
	2024	2023
Loss before income taxes	\$ (9,925)	\$ (14,436)
Canadian statutory income tax rate	26.5%	26.5%
Income tax recovery at statutory rate	(2,630)	(3,826)
Increase (decrease) in income tax provision resulting from:		
Differences in tax rates in foreign jurisdictions	18	1
Non-deductible loss on financial instruments	1,611	1,853
Non-taxable gain on modifications of Convertible Debentures	(1,119)	-
Non-taxable gain on partial disposal of equity accounted joint venture	(306)	-
Non-taxable gains on modifications of amount payable related to acquisition of joint venture	(70)	-
Non-deductible recognition of accumulated foreign currency translation adjustment	(172)	508
Non-deductible equity share of loss in joint venture	37	15
Non-deductible accretion	883	99
Share-based compensation	79	124
Change in unrecognized deferred tax asset	1,669	1,226
Income tax recovery for the year	\$ -	\$ -

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Deductible temporary differences for which no deferred tax assets have been recognized are attributable to the following deductible temporary differences:

	December 31, 2024	December 31, 2023
Income tax losses	\$ 18,979	\$ 13,851
Unamortized share and debt issue costs	938	1,161

The Company has \$15.1 million of non-capital losses in respect of its Canadian head office which expire from 2041 to 2044. The Company has \$1.5 million of operating losses in respect to its Colombian operations, of which \$1.1 million can be carried forward indefinitely and the remaining \$0.4 million will expire from 2030 to 2036. The Company also has \$2.3 million of operating losses in respect of its operations in Spain which expire from 2029 to 2044.

16. FINANCE COSTS

	Years ended December 31, 2024	2023
Convertible Debentures interest expense (Notes 8a, 8b)	\$ 2,445	\$ 368
NSR Minimum Payment Adjustment (Note 9)	563	-
Short-term borrowing interest expense (Note 10)	63	-
Total borrowing costs	3,071	368
Less: amount capitalized to mineral property (Note 5)	(2,202)	-
Net borrowing costs expensed	869	368
Convertible Debentures due 2030 issue costs (Note 8b)	316	-
Convertible Debentures due 2029 issue costs (Note 8a)	-	597
Consent solicitation costs related to Convertible Debentures (Notes 8a, 8b)	567	-
Accretion of NSR liability (Note 9)	39	-
Accretion of amount payable related to acquisition of CRI assets (Note 6e)	120	-
Accretion of amount payable related to acquisition of RNR (Note 7)	3,351	397
Accretion of lease obligations (Note 11)	17	24
	\$ 5,279	\$ 1,386

The weighted average rate used to calculate the capitalized interest on the general borrowings was 12%.

17. EXPENSES BY NATURE

During the year ended December 31, 2024, general and administrative expenses included \$1.6 million of salaries and other employee benefits (2023 - \$1.4 million).

18. RELATED PARTY TRANSACTIONS

As described in Note 10, the Company received an advance of CA\$0.7 million (equivalent to \$0.5 million) in December 2024 from Brockville, an entity controlled by the Executive Chairman of the Company, by way of the Brockville Promissory Note. The proceeds were used by the Company toward the funding for the remaining acquisition payments totalling EUR 0.5 million owing to the RNR Shareholder Group (Note 7) in connection with the Company's acquisition of a 21% equity interest in RNR. The Brockville Promissory Note bears interest at 12% per annum and was settled in March 2025 in conjunction with the Company's non-broking private placement (Notes 19b, 19c).

In June 2023, the Company entered into a consulting and advisory agreement related to social and environmental matters at the Company's Zancudo Project for services to be provided by a firm affiliated, at the time of signing the agreement, with a non-executive director of the Company. During the year ended December 31, 2024, the Company incurred a total of \$180,000 in fees pursuant to this agreement (2023 - \$110,000).

In connection with the Rights Offering in 2023 (Note 12c), certain officers and directors who acted as Standby Guarantors received a total of 1,972,716 Rights Warrants issued as a bonus to the Standby Guarantors.

As described in Note 6c, Aris Mining paid COP 10.7 billion (equivalent to approximately \$2.2 million) on February

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27, 2023 to the Company in connection with the termination of the license agreement associated with the Guia Antigua Project.

Key management personnel compensation

Key management personnel during the year ended December 31, 2024 comprised the Company's Executive Chairman & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel & Secretary and the non-executive directors. In addition to their short-term employee benefits, comprised of salaries or director fees, as applicable, executive officers and non-executive directors also received share-based compensation through participation in the Company's long-term incentive program, which includes the stock option plan. During the year ended December 31, 2024, the Company granted a total of 400,000 stock options to two new non-executive directors. During the year ended December 31, 2023, the Company granted a total of 2,650,000 stock options to its executive officers and non-executive directors. All stock options granted in 2024 and 2023 were subject to a one-year vesting period.

Compensation to key management personnel comprised the following:

	2024	2023
Salaries, benefits and directors' fees	\$ 950	\$ 928
Share-based compensation issued (Note 12d)	255	365
	\$ 1,205	\$ 1,293

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. SUBSEQUENT EVENTS

a) Trafigura prepayment financing

In April 2024, the Company signed a commercial agreement with Trafigura Pte. Ltd. ("Trafigura") for the sale at market prices of 100% of the high-grade gold-silver concentrates to be produced at its Zancudo Project over the next eight years. In conjunction with this offtake arrangement, the Company executed a prepayment agreement with Trafigura (the "Trafigura Facility") on February 7, 2025 pursuant to which the Company will receive up to a total of \$9.0 million from Trafigura in three instalments as the Company reaches certain milestones in 2025 related to construction activities at its Zancudo Project. On February 21, 2025, the Company received the first instalment of \$2.5 million under the Trafigura Facility. Advances under the Trafigura Facility bear interest at the three-month SOFR plus 6% and will be capitalized during the nine-month period following the date of the first advance (the "Grace Period"). The Trafigura Facility will be repaid, with interest, over a 26-month period following the Grace Period. The Trafigura Facility is secured by certain assets of the Company related to its Zancudo Project. On signing of the Trafigura Facility, the Company issued 3,000,000 common share purchase warrants to Trafigura with an exercise price of CA\$0.74 per common share that will expire on February 7, 2028. The Trafigura warrants are subject to a hold period expiring June 8, 2025.

b) Additional Brockville Promissory Notes

In January and February 2025, the Company received funding totalling CA\$800,000 (equivalent to approximately \$0.6 million) from two additional Brockville Promissory Notes (Note 10) maturing June 30, 2025 and bearing interest at 12% per annum. The proceeds of these additional Brockville Promissory Notes were used by the Company to fund a capital contribution to RNR and for general corporate purposes.

c) Non-brokered private placement of Units

On March 20, 2025, the Company closed a non-brokered private placement issuing a total of 13,138,000 Units at CA\$0.50 per Unit for gross proceeds of CA\$6,569,000, of which CA\$1,526,000 was applied to settle principal and interest owed under the Brockville Promissory Notes (Notes 10 and 19b) and the balance of approximately \$3.5 million was received in cash. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.60 per common share at any time on or before March 20, 2028. The common shares and warrants issued in this non-brokered private placement are subject to a hold period in Canada ending June 21, 2025.