

LAVRAS GOLD



CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

Three months ended March 31, 2024

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MANAGEMENT IS RESPONSIBLE FOR THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements have not been audited or reviewed by an auditor

National Instrument 51-102, Part 4, subsection 4.3(3)(a), requires companies to clearly identify whether their interim financial statements have been reviewed by an auditor.

These condensed interim financial statements of Lavras Gold Corp. for the three months ended March 31, 2024, have been prepared by our management and are their sole responsibility.

Our independent auditor has not reviewed these condensed interim financial statements according to auditing standards set by the Canadian Institute of Chartered Accountants for reviewing a company's interim financial statements.

/s/ Hemdat Sawh
Chief Financial Officer

Toronto, Ontario
May 13, 2024

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at	
		March 31, 2024	December 31, 2023
		\$	\$
Current assets			
Cash and cash equivalents		9,431,149	11,052,838
Accounts receivable		42,704	30,915
Prepays and deposits		129,666	69,010
		9,603,519	11,152,763
Non-current assets			
Exploration and evaluation properties	5	17,431,478	15,977,767
Property and equipment	6	365,654	395,661
		17,797,132	16,373,428
Total assets		27,400,651	27,526,191
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		903,100	570,102
Current portion of lease liabilities	7	48,295	49,373
		951,395	619,475
Non-current liabilities			
Lease liabilities	7	142,188	154,440
Total liabilities		1,093,583	773,915
Equity			
Capital stock	8(b)	29,881,895	29,881,895
Contributed surplus	8(c)	892,927	839,293
Deficit		(4,467,754)	(3,968,912)
		26,307,068	26,752,276
Total liabilities and equity		27,400,651	27,526,191

Business of Lavras Gold and going concern (Note 1)

Contingencies (Note 13)

Subsequent events (Note 14)

Approved by the Board

/s/ Lawrence Lepard
Chair, Audit Committee

/s/ Rowland Uloth
Chair, Board of Directors

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Three months ended March 31	
		2024	2023
		\$	\$
	Notes		
Expenses (income)			
General and administrative	11	536,946	560,824
Stock-based compensation	8(c)	43,511	39,363
Depreciation		6,110	8,975
Foreign exchange loss		18,932	7,180
Interest income		(119,774)	(26,356)
Interest and finance charges		13,117	19,381
		498,842	609,367
Total loss and comprehensive loss	9	(498,842)	(609,367)
Basic and diluted loss per share	9	(0.01)	(0.01)
Weighted average shares outstanding – basic and diluted	9	51,353,016	41,103,869

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Shares #	Capital stock \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance December 31, 2022		41,103,869	16,441,548	492,632	(1,931,684)	15,002,496
Stock-based compensation	8(c)	–	–	61,500	–	61,500
Loss and comprehensive loss for the period		–	–	–	(609,367)	(609,367)
Balance March 31, 2023		41,103,869	16,441,548	554,132	(2,541,051)	14,454,629
Stock-based compensation	8(c)	–	–	310,904	–	310,904
Exercise of stock options	8(c)	102,500	59,818	(25,743)	–	34,075
Private placement, net of cost of issue	8(b)	10,146,647	13,380,529	–	–	13,380,529
Loss and comprehensive loss for the period		–	–	–	(1,427,861)	(1,427,861)
Balance December 31, 2023		51,353,016	29,881,895	839,293	(3,968,912)	26,752,276
Stock-based compensation	8(c)	–	–	53,634	–	53,634
Loss and comprehensive loss for the period		–	–	–	(498,842)	(498,842)
Balance March 31, 2024		51,353,016	29,881,895	892,927	(4,467,754)	26,307,068

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Three months ended March 31	
		2024	2023
		\$	\$
Operating activities			
Net loss for the period		(498,842)	(609,367)
Stock-based compensation		43,511	39,363
Depreciation		6,110	8,975
Interest on lease liabilities		6,400	13,618
		(442,821)	(547,411)
Accounts receivable		(11,789)	(19,734)
Prepays and deposits		(60,656)	39,043
Accounts payable and accrued liabilities		(36,750)	(62,279)
Net cash used in operating activities		(552,016)	(590,381)
Investing activities			
Exploration and evaluation properties		(1,034,746)	(1,096,607)
Property and equipment		(15,197)	(137,350)
Net cash (used in)/from investing activities		(1,049,943)	1,233,957
Financing activities			
Repayment of lease liabilities		(19,730)	(21,836)
Net cash from/(used in) financing activities		(19,730)	(21,836)
Change in cash and cash equivalents during the period		(1,621,689)	(1,846,174)
Cash and cash equivalents, beginning of period		11,052,838	4,794,253
Cash and cash equivalents, end of period		9,431,149	2,948,079
Supplemental cash flow information			
Cash income taxes earned/(paid)		–	–
Cash interest earned		119,774	26,356
Non-cash investing activities			
Exploration and evaluation expenses included in accounts payable	5	369,748	(62,006)
Capitalized depreciation included in exploration and evaluation properties	5,6	39,094	26,644
Capitalized stock compensation included in exploration and evaluation properties	8(c)	10,123	22,137

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

1. Business of Lavras Gold and going concern

Lavras Gold Corp. (Lavras Gold) was incorporated under the *British Columbia Business Corporations Act* on November 25, 2021, solely to participate in an Arrangement Agreement between Amarillo Gold Corporation (Amarillo) and Hochschild Mining PLC (Hochschild) dated November 29, 2021 (the Arrangement).

Our head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, Canada M5C 1P1.

Our registered office is at 1055 Dunsmuir Street, Suite 3000, Vancouver, British Columbia, Canada V7X 1K8.

We are listed on the TSXV under the symbol LGC and on the OTCQX under the symbol LGCFF.

All dollar amounts are in Canadian dollars unless otherwise noted.

Our Board of Directors authorized the issue of these consolidated financial statements on May 13, 2024.

Our shares are traded on the Toronto Venture Exchange (TSXV), under the symbol LGC and on the OTCQX Best Markets (OTCQX), under the symbol LGCFF.

GOING CONCERN

We have not earned any revenue to date from our operations. We are exploring the LDS Project.

The recoverability of the LDS Project's carrying values and the related deferred exploration and evaluation expenditures depend on:

- discovering economically recoverable reserves.
- maintaining our interest in the underlying mineral claims.
- our ability to obtain necessary financing to complete their development.
- establishing profitable production in the future or selling the properties for sufficient proceeds.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business.

However, we are exploration-focused and subject to the risks and challenges of companies in the same sector. These include exploration, development, and operational risks that are standard to the mining industry. Current market conditions also include other uncertainties like the volatility of precious metal prices and the broader global economy.

These risks mean that although we will need to raise additional financing to carry out future exploration activities, there can be no assurance that our funding initiatives will be successful or that we will have access to adequate funding or funding under favourable terms.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption deemed inappropriate. These adjustments could be material.

Lavras Gold has an accumulated deficit of \$4,467,754 (December 31, 2023: \$3,968,912) as at March 31, 2024 and working capital of \$8,652,124 (December 31, 2023: \$10,533,288). Our ability to continue operating depends on our ability to continue to raise adequate financing, operate profitably in the future, and repay liabilities arising from normal operations as they come due. As such, the material uncertainties listed above may cast significant doubt upon our ability to continue as a going concern.

2. Basis of presentation

We have prepared these condensed interim consolidated financial statements according to IFRS Accounting Standards (IFRS) 34 – Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). These accounting policies are consistent with IFRS as issued by the IASB and the International Financial Reporting Interpretations Committee.

Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023.

Preparing condensed interim consolidated financial statements that conform with IAS 34 requires management to make judgments, estimates, and assumptions that affect how policies are applied, and reported amounts of assets, liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and the results are used to make judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies, critical judgements, and estimates used to prepare these condensed interim consolidated financial statements are consistent with those applied and disclosed in our consolidated financial statements for the year ended December 31, 2023.

The interim results do not necessarily indicate the results for a full year.

These condensed interim consolidated financial statements are presented in Canadian dollars and include our Brazilian subsidiaries as detailed below.

Subsidiary	Ownership
LDS Mineração do Brasil Ltda (LDS)	100%
Lavras do Sul Mineração do Brasil Ltda (LDSM)	49%

Although Lavras Gold only has 49% of the voting rights in LDSM, Lavras Gold has determined that it has the full beneficial ownership over LDSM as Lavras Gold is exposed to variable returns from its involvement with LDSM and has the ability to affect those returns through its power to control the activities of LDSM. Accordingly, LDSM is fully consolidated in these consolidated financial statements.

3. Financial risk factors and capital risk management

Our activities expose Lavras Gold to three key financial risks:

- credit risk.
- liquidity risk.
- market risk, including interest rate, foreign rate, and gold price risk.

Our management team is responsible for managing these risks. It receives guidance from the Audit Committee under policies approved by the Board of Directors, which also provides regular guidance on overall risk management.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to make its payment obligations.

Our credit risk is primarily attributable to cash and cash equivalents of \$9,431,149 (December 31, 2023: \$11,052,838) as of March 31, 2024. Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

We believe that the credit risk for financial instruments included in accounts receivable is remote. Most of the receivables are made up of taxes receivable, so no amount was applied for credit losses.

LIQUIDITY RISK

Liquidity risk is the risk that we will be unable to meet our short-term financial obligations.

Our goal in managing this risk is to make sure we can meet our liabilities when they are due. However, there can be no assurance that we will be able to obtain adequate financing in the future or that the terms of the financing will be favourable (Note 1).

On March 31, 2024, we had a cash and cash equivalents balance of \$9,431,149 (December 31, 2023: \$11,052,838) to settle current liabilities of \$951,395 (December 31, 2023: \$619,475).

MARKET RISK

Market risk is the risk of loss from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

We regularly monitor our cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as our cash is relatively unaffected by changes in short-term interest rates.

b) Foreign currency risk

Our functional currency is the Canadian dollar. We transact major purchases in Canadian dollars and Brazilian reais. We maintain a Brazilian real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

c) Commodity price risk

Commodity price risk, specifically relating to the price of gold, could adversely affect Lavras Gold. In particular, our future profitability and viability of development depends on the world market price of gold, which has fluctuated significantly in recent years.

We were not a gold producer as at March 31, 2024. However, gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options. This may also affect our liquidity and our ability to meet our ongoing obligations.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, we believe the following movements are reasonably possible over a twelve-month period.

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the three months ended March 31, 2024.

We are exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, accounts receivable, accounts payable denominated in Brazilian reais, and cash denominated in U.S. dollars.

A plus or minus 5% change in the foreign exchange rate of the Brazilian real against the Canadian dollar would affect net loss for the three months ended March 31, 2024, by approximately \$18,500 (2023: \$2,200).

A plus or minus 5% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect net loss for the three months ended March 31, 2024, by approximately \$75,300 (2023: \$700).

CAPITAL RISK MANAGEMENT

We manage and adjust our capital structure based on the funds available to support the acquisition, exploration, and development of exploration and evaluation properties. Our Board of Directors does not establish quantitative “return on capital” criteria for management, but rather relies on the expertise of management to sustain the future development of the business.

The Company considers its capital to be equity, which comprises share capital, other components of equity and accumulated deficit, which on March 31, 2024, totaled \$26,307,068 (December 31, 2023: \$26,752,276).

The exploration and evaluation properties that we currently have an interest in are in the exploration stage; as such we depend on external financing to fund our activities. We will continue to assess new properties and may seek to acquire interests in additional properties if management believes sufficient geologic or economic potential exists and if we have adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of Lavras Gold, is appropriate. There were no changes in its approach during the three months ended March 31, 2024. Neither Lavras Gold nor its subsidiaries are subject to externally imposed capital requirements.

4. Categories of financial instruments

	As at	
	March 31, 2024	December 31, 2023
	\$	\$
Financial assets		
Fair value through profit and loss		
Cash and cash equivalents	9,431,149	11,052,838
Amortized cost		
Accounts receivable, excluding HST/GST receivable	12,781	10,185
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	903,100	570,102

FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques using either direct observable inputs (i.e., prices) or indirect observable inputs (i.e., derived from prices) for the asset or liability, other than the quoted prices in Level 1.
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts due to their short-term nature.

As of March 31, 2024 and December 31, 2023, cash was measured at fair value and classified within Level 1 of the fair value hierarchy.

5. Exploration and evaluation properties

		As at	
		March	December
		31, 2024	31, 2023
	Notes	\$	\$
Acquisition costs			
Balance, beginning of period/year		7,511,051	7,248,448
Property payments		–	262,602
Balance, end of period/year		7,511,050	7,511,050
Exploration expenditures			
Balance, beginning of period/year		8,466,717	3,372,106
Expenditures during the period/year			
Drilling, assaying and related costs		928,186	3,551,476
Consulting		190,014	475,284
Salaries		125,845	461,174
Transportation		24,992	98,738
Travel and accommodation		6,690	11,329
Concession taxes		–	4,120
Depreciation		39,094	143,478
Stock compensation		10,123	96,985
Other exploration and evaluation expenses		128,767	252,027
Total exploration expenditures for the year		1,453,711	5,094,611
Balance, end of period/year		9,920,428	8,466,717
Total		17,431,478	15,977,767

LDS PROJECT

The LDS Project consisting of 32 mineral rights are in the state of Rio Grande do Sul, Brazil.

Our mineral rights are held through LDSM, which was set up to meet the legal requirements for operating in a border zone. LDSM is a subsidiary that is controlled by our Brazilian subsidiary, LDS.

LDSM has 100% title in 8 mineral rights. The remaining 24 mineral rights are held through the RTDM Option Agreement, the CBC Purchase Agreement, the Vidal de Souza Option Agreement, and the IAMGOLD Purchase Agreement. Subsequent to the quarter ended March 31, 2024, LDSM obtained 100% title to 19 of these 24 mineral rights.

RTDM Option Agreement

Pursuant to the Arrangement Agreement (Note 1), Lavras Gold, through its subsidiaries, was assigned the rights and obligations under an option agreement (the RTDM Option Agreement) with Rio Tinto Desenvolvimento Minerais Ltda. (RTDM).

RTDM acquired options to earn interests in mineral rights through agreements that were signed with two separate landowners: certain mineral rights (the CBC Mineral Rights) optioned by Companhia Brasileira do Cobre (CBC, CBC Option Agreement) and certain mineral rights (the Vidal de Souza Mineral Rights) optioned by Vidal de Souza (the Vidal de Souza Option Agreement).

The agreements with the landowners are described below. In addition, Lavras Gold must also pay RTDM:

- US\$1,806,000 upon receipt of the Installation License covering the LDS Project, and
- a 0.5% NSR on production from the mineral rights underlying the RTDM Option Agreement.

CBC Purchase Agreement

On August 24, 2004, RTDM entered into an option agreement (the CBC Option Agreement) with Companhia Brasileira do Cobre (CBC) for CBC's mineral rights (the CBC Mineral Rights).

On November 16, 2021, the CBC Option Agreement was replaced with an agreement to purchase the CBC Mineral Rights (the CBC Purchase Agreement).

The CBC Purchase Agreement required the following payments:

- a) US\$250,000 at execution (paid).
- b) US\$150,000 within one year of the date of execution (paid).
- c) six annual installments of US\$100,000, commencing on the second anniversary of the execution date; \$100,000 was paid in November 2023 leaving remaining payments of US\$500,000.
- d) the US\$500,000 payable under (c) above is payable in full within 30 days of the Brazilian regulators' approval of the transfer of the CBC Mineral Rights to LDSM which occurred on April 30, 2024.

Lavras Gold must pay US\$50,000 each year if mining activities are not initiated within 10 years from the date of execution of the agreement on November 16, 2021.

Lavras Gold must pay CBC a royalty equal to 1.5% of the gross revenue related to future mining activity on the CBC Mineral Rights. Lavras Gold has a right of first refusal for any proposed transfer by CBC of the royalty.

Vidal de Souza Option Agreement

On October 22, 2004, RTDM entered into an option agreement with Vidal de Souza for certain mineral rights (the VS Mineral Rights) that have been subsequently replaced with a series of purchase agreements (collectively, the VS Purchase Agreements).

The VS Purchase Agreements required the following payments:

- a) US\$55,000 at execution (paid)

- b) US\$320,000 within ten days of the date of applying for the mineral rights transfer.
- c) US\$625,000 within ten days of the date of obtaining title to the mineral rights.

Lavras Gold must make a single payment of US\$120,000 if mining activities are not initiated within six years from the date of obtaining title.

Lavras Gold must make a single payment of US\$80,000 if mining activities are not initiated within ten years from the date of obtaining title.

Lavras Gold must pay VS a royalty equal to 1.57% of the net revenue related to future mining activity on the VS Mineral Rights. Lavras Gold has a right of first refusal for any proposed transfer by VS of the royalty. VS has the option to sell the royalty to Lavras Gold for US\$5,000,000 during the first 60 days following the payment of the first quarterly instalment of royalty. Advance royalty payments of US\$350,000 are required if certain conditions are met.

IAMGOLD Agreement

Pursuant to the Arrangement Agreement (Note 1), Lavras Gold, through its subsidiaries, was assigned the rights and obligations under a purchase agreement (the IAMGOLD Purchase Agreement) with IAMGOLD Corporation (IAMGOLD) to obtain a 100% interest in four mineral rights (the BPML Mineral Rights).

The purchase price payable by Lavras Gold for the BPML Mineral Rights is US\$700,000, payable as follows:

- a) US\$50,000, payable within 12 months from the date of execution (paid).
- b) US\$50,000, within 10 days from the date the BPML Mineral Rights are transferred and assigned to LDSM. This amount was paid on April 26, 2024, upon transfer of title of the BPML Mineral Rights on April 22, 2024.
- c) US\$100,000, within 10 days from the date that Lavras Gold submits an economic exploitation plan that indicates the technical and economic feasibility of the project
- d) US\$100,000, within 10 days from the date that Lavras Gold completes a feasibility study
- e) US\$400,000, within 12 months from the date that Lavras Gold commences commercial production for any of the titles comprising the BPML Mineral Rights.

In addition, IAMGOLD received a 3.0% net smelter return royalty. Lavras Gold may, at any time, elect to purchase from IAMGOLD 1.0% of the royalty by paying to IAMGOLD the amount of US\$1,000,000.

Lavras Gold paid US\$50,000 in March 2023 as additional consideration related to delays in the transfer of title for the BPML Mineral Rights.

The IAMGOLD Purchase Agreement provides that the completion of the assignment and transfer of the BPML Mineral Rights will occur after all necessary authorizations and consents are obtained by LDSM, including as required under the Border Law. These authorizations and consents were obtained and the BPML Mineral Rights were transferred on April 22, 2024.

6. Property and equipment

	Right-of-use \$	Leasehold improvements \$	Furniture and equipment \$	Computer software \$	Computer hardware \$	Total \$
Cost						
Balance as at December 31, 2022	349,816	33,688	25,419	57,154	16,057	482,134
Change in estimate (Note 7)	(76,923)	–	–	–	–	(76,923)
Additions for the year	17,754	–	17,502	182,422	27,206	244,884
Balance as at December 31, 2023	290,647	33,688	42,921	239,576	43,263	650,095
Additions for the period	–	–	844	–	14,352	15,196
Balance as at March 31, 2024	290,647	33,688	43,765	239,576	57,615	665,291
Accumulated depreciation						
Balance as at December 31, 2022	52,472	4,094	1,873	17,861	2,481	78,781
Depreciation for the year	54,655	7,391	4,132	101,054	8,421	175,653
Balance as at December 31, 2023	107,127	11,485	6,005	118,915	10,902	254,434
Depreciation for the period	15,137	1,860	1,236	22,615	4,355	45,203
Balance as at March 31, 2024	122,264	13,345	7,241	141,530	15,257	299,637
Carrying amounts						
At December 31, 2023	183,520	22,203	36,916	120,661	32,361	395,661
At March 31, 2024	168,683	20,343	36,524	98,046	42,358	365,654

Depreciation for the three months ended March 31, 2023, amounting to \$39,094 (December 31, 2023: \$143,478) has been included in exploration and evaluation properties.

The change in estimate related to variable inputs in underlying lease contracts.

7. Lease liabilities

Lease liabilities are related to the long-term lease contracts for office space and core sheds in Lavras do Sul, with terms of up to 5 years at an incremental borrowing rate of 10%.

	As at	
	March 31, 2024	December 31, 2023
	\$	\$
Lease liabilities, beginning of the period/year	203,813	310,657
Change in estimate (Note 6)	–	(76,923)
Additions	–	17,754
Repayments	(19,730)	(75,062)
Interest portion	6,400	27,387
Lease liabilities, end of the period/year	190,483	203,813
Less: current portion	48,295	49,373
Non-current portion	142,188	154,440

The change in estimate related to variable inputs in underlying lease contracts.

As at March 31, 2024, remaining minimum payments are as follows:

	\$
2024	52,778
2025	69,666
2026	72,452
2027	32,398
2028	4,242
	231,536

8. Capital stock

A) AUTHORIZED

Unlimited number of common shares.

B) ISSUED

	Notes	Shares #	Amount \$
Balance, December 31, 2022		41,103,869	16,441,548
Issued under private placement, net of issue cost	(i)	10,146,647	13,380,529
Exercise of stock options	(ii)	102,500	59,818
Balance, December 31, 2023, and March 31, 2024		51,353,016	29,881,895

- (i) On September 28, 2023, the Company closed a non-brokered private placement (the Private Placement) through the issuance of 10,146,647 common shares of the Company at a subscription price of \$1.35 per common share for aggregate gross proceeds to the Company of \$13,697,973. The cost of issue including finders', filing and legal fees amounted to \$317,444 resulting in net proceeds of \$13,380,529.
- (ii) In Q4 2023, 102,500 stock options were exercised at weighted average exercise price of \$0.33 for proceeds of \$34,075.

C) STOCK OPTIONS

We have a stock option plan (the Plan) for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of Lavras Gold.

Options are granted for a five-year term and vest at the discretion of the Board when granted to directors, senior officers, employees, and consultants (other than those performing investor relations).

Options granted to consultants performing investor relations activities vest over a minimum period of 12 months.

	Options #	Weighted average exercise price \$
Balance, December 31, 2022	2,407,500	0.44
Granted	1,625,000	0.30
Exercised	(102,500)	(0.33)
Expired	(277,500)	(0.33)
Balance, December 31, 2023, and March 31, 2024	3,652,500	0.39

Details of the stock options outstanding and exercisable are as follows:

Number of options	Exercisable at March 31, 2024 #	Exercise price \$	Fair value at date of grant \$	Remaining contractual life years
1,500,000	1,050,000	0.50	499,500	3.05
592,500	376,250	0.35	156,539	3.32
1,335,000	725,000	0.23	233,625	4.29
100,000	100,000	0.22	16,700	4.30
125,000	31,250	1.15	109,500	4.62
3,652,500	2,282,500	0.39	1,015,864	3.63

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model using the following estimates:

	March 31, 2024	December 31, 2023
Weighted average fair value per options (\$)	–	0.23
Weighted average risk-free interest rate (%)	–	3.73
Expected life (years)	–	5.0
Weighted average expected volatility (%)	–	100
Expected rate of forfeiture	–	nil
Expected dividend yield	–	nil

The fair value compensation and contributed surplus relating to stock options vested for the three months ended March 31, 2024, was \$53,634 (March 31, 2023: \$61,500) of which \$43,511 (2023: \$39,363) was expensed and the remaining \$39,094 (2023: \$22,137) was capitalized to exploration and evaluation properties.

9. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2024, and 2023, was based on the loss attributable to common shareholders of \$498,842 and \$609,367, respectively, divided by the weighted average number of common shares outstanding of 51,353,016 and 41,103,869, respectively.

10. Related party transactions

Lavras Gold incurred charges with directors, officers (Chief Executive Officer, Chief Financial Officer and V.P. Investor Relations who are the key management personnel), and a company with common directors as follows. These transactions were in the normal course of business and are measured at amounts representing normal commercial terms:

	Three months ended March 31	
	2024	2023
	\$	\$
Salaries paid to officers	122,500	77,500
Directors' fees	15,000	43,750
Stock-based compensation	34,670	34,341
Consulting fees	6,000	30,000
	178,170	185,591

11. General and administrative expenses

General and administrative expenses consist of the following:

	Three months ended March 31	
	2024	2023
	\$	\$
Consulting fees	69,967	131,264
Professional fees	70,258	64,659
Salaries and benefits	155,568	123,350
Directors' fees	15,000	43,750
Marketing and promotion	93,301	116,375
Filing and transfer agent fees	28,219	44,042
Travel	2,797	8,068
Information technology support	55,799	9,600
Other general and administrative	46,037	19,816
	536,946	560,824

12. Segmented information

We operate in one reportable operating segment – mineral exploration. Our resource properties are in Brazil and our corporate assets are in Canada. We are in the exploration stage and, accordingly, have no reportable segment revenues.

Total assets by geographic region are as follows:

	Canada \$	Brazil \$	Total \$
March 31, 2024			
Current assets	9,501,565	101,954	9,603,519
Exploration and evaluation properties	–	17,431,478	17,431,478
Property and equipment	113,409	252,245	365,654
	9,614,974	17,785,677	27,400,651
December 31, 2023			
Current assets	11,088,460	64,303	11,152,763
Exploration and evaluation properties	–	15,977,767	15,977,767
Property and equipment	–	395,661	395,661
	11,088,460	16,437,731	27,526,191

13. Contingencies

Due to the nature of our operations, various legal and tax matters arise in the ordinary course of business. We accrue for these items when a liability is both probable and the amount can be reasonably estimated.

14. Subsequent events

(i) On April 26, 2024, title to the BPML Mineral Rights, as described in Note 5, were transferred to LDSM and the Company paid US\$50,000 as required under the IAMGOLD Agreement.

(ii) On April 30, 2024, title to the CBC Mineral Rights, as described in Note 5, were transferred to LDSM and the Company plans to make payment of US\$500,000 as required under the CBC Purchase Agreement.