LAVRAS GOLD

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

Years ended December 31, 2024 and 2023

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MANAGEMENT IS RESPONSIBLE FOR THESE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Lavras Gold Corp.

The accompanying consolidated financial statements have been prepared by and are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgements based on currently available information.

Management is also responsible for a system of internal control that is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized, and that the accounting systems provide timely and accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities with respect to financial reporting and internal control. The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the annual consolidated financial statements before they are presented to the Board of Directors for approval.

The Company's independent auditors, Davidson & Company LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

/s/ Hemdat Sawh

Chief Financial Officer

Toronto, Ontario

February 26, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lavras Gold Corp.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has an accumulated deficit of $7,637,019 and working capital of $597,924 as of December 31, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $23,883,422 as of December 31, 2024. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

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

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

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements including reviewing agreements and vouching cash payments.
- Obtaining, on a test basis through government websites and from external legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

February 26, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		As at December 31	
		2024	2023
	Notes	$	$
Current assets			
Cash and cash equivalents	3(e)	**1,649,592**	11,052,838
Accounts receivable		**27,782**	30,915
Prepaids and deposits		**90,902**	69,010
		1,768,276	11,152,763
Non-current assets			
Exploration and evaluation properties	6	**23,883,422**	15,977,767
Property and equipment	7	**288,774**	395,661
		24,172,196	16,373,428
Total assets		**25,940,472**	27,526,191
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**1,109,909**	570,102
Current portion of lease liabilities	8	**60,443**	49,373
		1,170,352	619,475
Non-current liabilities			
Lease liabilities	8	**102,637**	154,440
Total liabilities		**1,272,989**	773,915
Equity			
Capital stock	9(b)	**29,887,759**	29,881,895
Contributed surplus	9(c)	**2,416,743**	839,293
Deficit		**(7,637,019)**	(3,968,912)
		24,667,483	26,752,276
Total liabilities and equity		**25,940,472**	**27,526,191**

Business of Lavras Gold and going concern (Note 1)

Contingencies (Note 15)

Subsequent event (Note 16)

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

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CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Years ended December 31	
	Notes	**2024**	2023
		$	$
Expenses (income)			
General and administrative	12	**2,524,411**	1,808,557
Share-based payments	9(c),11	**1,450,556**	275,419
Depreciation		**33,023**	32,175
Foreign exchange gain		**(31,065)**	(17,076)
		3,976,925	2,099,075
Other income (expenses)			
Interest income		**355,739**	150,007
Interest and finance charges		**(46,921)**	(88,160)
		308,818	61,847
Loss and comprehensive loss		**(3,668,107)**	(2,037,228)
Basic and diluted loss per share	10	**(0.07)**	(0.05)
Weighted average shares outstanding – basic and diluted	10	**51,357,166**	43,757,003

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	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**
Share-based payments	9(c)	–	–	372,404	–	372,404
Exercise of stock options	9(c)	102,500	59,818	(25,743)	–	34,075
Private placement, net of cost of issue	9(b)	10,146,647	13,380,529	–	–	13,380,529
Loss and comprehensive loss for the year		–	–	–	(2,037,228)	(2,037,228)
Balance December 31, 2023		**51,353,016**	**29,881,895**	**839,293**	**(3,968,912)**	**26,752,276**
Share-based payments	9(c)	–	–	1,579,976	–	1,579,976
Exercise of stock options	9(c)	11,250	5,864	(2,526)	–	3,338
Loss and comprehensive loss for the year		–	–	–	(3,668,107)	(3,668,107)
Balance December 31, 2024		**51,364,266**	**29,887,759**	**2,416,743**	**(7,637,019)**	**24,667,483**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

		Years ended December 31	
		2024	2023
	Notes	**$**	$
Operating activities			
Net loss for the year		**(3,668,107)**	(2,037,228)
Share-based payments	9(c)	**1,450,556**	275,419
Depreciation	7	**33,023**	32,175
Interest and foreign exchange adjustment on lease liabilities	8	**22,008**	27,387
Foreign exchange gain on lease liabilities		**(34,305)**	—
		(2,196,825)	(1,702,247)
Accounts receivable		**3,133**	(5,098)
Prepaids and deposits		**(21,892)**	(20,082)
Accounts payable and accrued liabilities		**72,056**	(1,534)
Net cash used in operating activities		**(2,143,528)**	(1,728,961)
Investing activities			
Exploration and evaluation properties		**(7,149,175)**	(5,124,866)
Property and equipment		**(40,887)**	(227,130)
Net cash used in investing activities		**(7,190,062)**	(5,351,996)
Financing activities			
Repayment of lease liabilities	8	**(72,994)**	(75,062)
Common shares issued under private placement	9(b)	**—**	13,697,973
Common shares issue cost	9(b)	**—**	(317,444)
Exercise of stock options	9(b)	**3,338**	34,075
Net cash (used in)/from financing activities		**(69,656)**	13,339,542
Change in cash and cash equivalents during the year		**(9,403,246)**	6,258,585
Cash and cash equivalents, beginning of year		**11,052,838**	4,794,253
Cash and cash equivalents, end of year		**1,649,592**	11,052,838
Supplemental cash flow information			
Cash interest earned		**355,739**	150,007
Non-cash investing activities			
Exploration and evaluation expenses included in accounts payable		**789,865**	322,114
Capitalized depreciation included in exploration and evaluation properties	6,7	**159,309**	143,478
Capitalized share-based payments included in exploration and evaluation properties	6	**129,420**	96,985
Change in estimate of right-of-use assets		**(7,219)**	(76,923)
Additions to right-of-use assets		**51,177**	17,754

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian dollars)

1. Business of Lavras Gold and going concern

Lavras Gold Corp. ("Lavras Gold" or the "Company") was incorporated under the *British Columbia Business Corporations Act* on November 25, 2021. Lavras Gold's business activities include the exploration and evaluation of mineral properties in Brazil.

The Company's head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, Canada M5C 1P1.

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

Lavras Gold is 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.

The Company's Board of Directors authorized the issue of these consolidated financial statements on February 26, 2025.

GOING CONCERN

The Company has not earned any revenue to date from our operations. The Company's business focus is exploring the Lavras do Sul Project (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 an interest in the underlying mineral claims.
- the Company's ability to obtain necessary financing to complete their development.
- establishing profitable production in the future or selling the properties for sufficient proceeds.

These 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, Lavras Gold is an exploration-focused company 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 additional financing will be required to carry out future exploration activities, there can be no assurance that funding initiatives will be successful or that the Company will have access to adequate funding or funding under favourable terms.

These 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 $7,637,019 as at December 31, 2024 (December 31, 2023: $3,968,912) and working capital of $597,924 (December 31, 2023: $10,533,288). The Company's ability to continue operating depends on its 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 its ability to continue as a going concern.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They are presented in Canadian dollars and include the Company's Brazilian subsidiaries as detailed below.

Subsidiary	Ownership
LDS Mineraçâo do Brasil Ltda (LDS)	100%
Lavras do Sul Mineraçâo 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. Material accounting policies

a) Basis of presentation and preparation

These consolidated financial statements are prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities at fair value through profit or loss (FVTPL) as explained in the accounting policies herein. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except cash flow information. The consolidated financial statements are presented in Canadian dollars, which is our functional currency, and the functional currency of our subsidiaries.

Certain comparative figures have been reclassified, where necessary, to conform with the presentation adopted for the current year.

b) Principles of consolidation

The consolidated financial statements include our financial statements and financial statements for LDS and LDSM, our Brazilian subsidiaries, over which Lavras Gold has the ability to exercise control. The Company controls another entity when it is entitled to or has rights to variable returns from its involvement with the entity and can affect those returns through our power over the entity.

Where necessary, our subsidiaries' financial statements are adjusted to align their accounting policies with the Company's. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

c) Foreign currency translation

The functional currency is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recognized at the prevailing rates of exchange on the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognized in the consolidated statements of loss and comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Classifying and measuring financial instruments

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs.

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or fair value through other comprehensive income (FVTOCI). We classify financial assets at initial recognition.

Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss:

- one – the object of the Company’s business model for these financial assets is to collect their contractual cash flows, and
- two – the asset’s contractual cash flows represent solely payments of principal and interest.

Cash and cash equivalents, accounts receivable, excluding harmonized sales tax, are classified as financial assets. They are measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. Financial liabilities are classified at initial recognition.

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories:

- financial liabilities at FVTPL

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition
- financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Accounts payable and accrued liabilities, and lease liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss.

Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method.

Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset and that the estimated future cash flow of that asset can be estimated reliably. An impairment loss for a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For trade receivables, a combined approach of specific account identification and a provision matrix is used to estimate lifetime expected impairment.

For all other financial assets, specific account identification is used to determine the amount of expected impairment. The Company recognizes loss in the consolidated statement of comprehensive income, reflected as an expected credit loss allowance against the financial asset. When a subsequent event causes the amount of the allowance to decrease, the decrease in allowance is reversed through the consolidated statement of comprehensive income.

e) Cash and cash equivalents

Cash and cash equivalents of $1,649,592 as at December 31, 2024 (December 31, 2023: $11,052,838) in the consolidated statements of financial position is made up of cash of $1,649,592 (December 31, 2023 - $9,545,948) and guaranteed investment certificates at banks of $nil (December 31, 2023 - $1,506,890). Cash equivalents consist of guaranteed investment certificates at banks with maturities of less than three months.

Cash is held at major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand. The Company does not invest in any asset-backed deposits/investments.

f) Exploration and evaluation properties

All costs of acquiring, retaining, evaluating, and exploring resource properties or maintaining an interest are capitalized in resource properties. These costs include, but are not limited to, geological consulting, drilling and related expenses, sampling, assay expenditures, geophysical studies, and other exploration costs directly related to the development of resource properties.

Costs incurred before obtaining the legal rights to explore an area are expensed. Accumulated capitalized costs relating to non-productive properties are written off when an interest is abandoned or when it is determined the carrying amount exceeds the recoverable amount.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability to obtain financing to complete the development of the properties, and on future production or proceeds of disposition.

The recoverability of the carrying values of our exploration and evaluation properties is reviewed at the end of each reporting year. Since the Company is in the exploration stage, it has not yet conclusively determined whether its properties have economically recoverable reserves.

g) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Furniture and equipment	–	10% declining balance
Computer equipment	–	2 years straight line
Software	–	2 years straight line
Leasehold improvements	–	over the term of the lease

The Company capitalizes the depreciation of equipment used in exploring and evaluating its properties and recognizes depreciation of all other equipment as part of profit or loss. The Company reviews the estimated useful lives, residual values, and depreciation method at each year end, accounting for the effect of any changes in estimate on a prospective basis.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

h) Impairment of long-lived assets

At the end of each reporting year, the carrying amounts of our property and equipment and finite life intangible assets is reviewed, including exploration and evaluation expenditures, to determine whether there is any indication that any of those assets have suffered an impairment loss.

If there is an indication, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the recoverable amount of the cash-generating unit that the asset belongs to is estimated.

If a reasonable and consistent basis of allocation can be identified, the Company also allocates corporate assets to individual cash-generating units or otherwise allocate them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, we discount estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money as well as the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If an asset or cash-generating unit's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss immediately in profit or loss.

Where an impairment loss subsequently reverses, the asset or unit's carrying amount is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i) Leases

At inception of a contract, we assess whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration. A right-of-use asset and a lease liability are recognized at the lease commencement date.

Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are classified as property and equipment in the consolidated statement of financial position.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes years covered by an option to extend if we are reasonably certain to exercise that option.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate. The lease liability is measured at amortized cost using the effective interest method. Interest recognized on the consolidated statement of loss and comprehensive loss is classified as a financing cost.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero upon remeasurement of the liability.

j) Provisions including asset retirement obligations

The Company recognizes a provision when it has a present obligation (legal or constructive) resulting from a past event, it is probable that it will be required to settle the obligation, and it can make a reliable estimate of its amount. The amount that is recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the surrounding risks and uncertainties.

If the Company measures a provision using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows, calculated using a pre-tax discount rate reflecting the risks specific to the liability. The liability is adjusted at the end of each reporting year for the unwinding of the discount rate and for changes to the discount rate or to the amount or timing of the estimated cash flows underlying the obligation.

In particular, the Company may incur legal or constructive obligations to incur asset retirement or site restoration costs resulting from the exploration, development, and operation of its mineral properties. These obligations are measured at the best estimate of their net present value and capitalize their cost to the related asset's carrying amount.

There was no provision for asset retirement obligations as at December 31, 2024 and 2023.

k) Share-based payment transactions

The Company's share-based payment plan (the "incentive plan") allows its employees and consultants to acquire shares of Lavras Gold.

Equity-settled share-based payments issued under the incentive plan are measured at the fair value of the equity instruments at the grant date, described in Note 9(c). The fair value is calculated using the Black-Scholes option valuation model and this amount is expensed over the vesting term, based on the estimate of equity instruments that will eventually vest, crediting the amounts to contributed surplus.

Estimates of the number of equity instruments expected to vest are revised at the end of each reporting year, recognizing the impact of revising the original estimates, if any, in profit or loss so the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. When options are exercised, the proceeds are credited, together with the amount originally credited to contributed surplus, to capital stock.

In the case of consultants, the value of the options is measured based on the fair value of goods or services provided, unless it cannot be reliably determined, in which case the options are also measured using the Black-Scholes method.

l) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and we intend to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized for all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting year and are expensed when the deferred tax asset or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. At each reporting year end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

m) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive.

In the Company's case to date, these potential issuances are anti-dilutive as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

n) Royalty interests

Royalty, stream, and other interests for exploration and evaluation assets are recorded at cost and capitalized in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. Acquisition costs of exploration and evaluation royalty, stream and other interests are capitalized and are not depleted until such time as revenue-generating activities begin.

On acquisition of a development royalty, stream, and other interest, an allocation of the acquisition cost is made for the exploration potential based on its fair value. The estimated fair value of this acquired exploration potential is recorded as an asset (non-depreciable interest) on the acquisition date. Updated mineral reserve and resource information obtained from the operators of the properties are used to determine the amount to be converted from non-depreciable interest to depreciable interest.

Royalty, stream, and other interests for exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in-use. An interest that has previously been classified as exploration and evaluation is also assessed for impairment before reclassification to development or producing, and the impairment loss, if any, is recognized in net income.

o) Significant judgements and sources of estimation uncertainty

Preparing financial statements that conform with IFRS requires management to make judgements, estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Significant judgements in applying accounting policies

- *Exploration and evaluation costs*
  Judgment is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable by future exploration and development, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.
- *Provisions and contingent liabilities*
  The Company judges whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying this type of liability often involves judgments and estimations. These judgments are based on many factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

Sources of estimation uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, which could result in a material adjustment to the carrying amounts of assets and liabilities, relate to the following:

- *The recoverability of exploration and evaluation properties*
  The Company's management reviews the carrying values of its exploration and evaluation properties to determine whether there is impairment. The recovery of carrying amounts depends on confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition thereof.

- *Income taxes*
  Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The adequacy of these provisions is reviewed at the end of the reporting year. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the year in which such determination is made.
- *Valuation of stock options*
  The determination of the fair value of stock options is not based on historical cost but derived from subjective assumptions that are put into an option pricing model.

  The model requires management to forecast future events, including estimates of the average future hold year of issued stock options before exercise, expiry or cancellation, future volatility of our share price during the expected hold year (using historical volatility as a reference), and the appropriate risk-free rate of interest.

  Stock options incorporate an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates, and is adjusted if the actual forfeiture rate differs from the expected rate. The resulting value is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. Management believes the value derived is highly subjective and dependent entirely upon the input assumptions made.

p) New and amended IFRS standards that were adopted in the current year

The following new amendments to IAS 1 *Presentation of Financial Statements* has been adopted since the release of the Company's financial statements for the year ended December 31, 2023.

Classification of liabilities as current or non-current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application was permitted. The adoption of this amendment did not have any impact on the Company's financial statements.

q) New accounting standards that are not yet effective

The following are the new standards and amendments issued by the IASB which are applicable to the Company's financial statements. The Company is assessing the impact of the adoption of these standards and amendments on its financial statements.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") which introduces:
(i) new requirements on presentation within the statement of profit or loss;
(ii) disclosure standards regarding management defined performance measures; and
(iii) principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027 but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

- Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance ("ESG").
- Settlement of liabilities through electronic payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

Annual improvements to IFRS Accounting Standards

In July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amended Standards are:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- IFRS 7 *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*;
- IFRS 9 *Financial Instruments*;
- IFRS 10 *Consolidated Financial Statements*; and
- IAS 7 *Statement of Cash Flows*.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. They also correct minor conflicts between the requirements of the Accounting Standards.

4. Financial risk factors and capital risk management

Lavras Gold's activities expose it to three key financial risks:

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

The 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.

Lavras Gold's credit risk is primarily attributable to cash and cash equivalents of $1,649,592 as at December 31, 2024 (December 31, 2023: $11,052,838). Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

The Company believes 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 the Company will be unable to meet our short-term financial obligations. The goal in managing this risk is to make sure the Company can meet its liabilities when they are due. However, there can be no assurance that adequate financing will be obtained in the future or that the terms of the financing will be favourable (Note 1).

On December 31, 2024, the Company had cash and cash equivalents balance of $1,649,592 (December 31, 2023: $11,052,838) to settle current liabilities of $1,170,352 (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

Lavras Gold regularly monitors its cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as the cash is relatively unaffected by changes in short-term interest rates.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars and Brazilian reals. The Company maintains 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, future profitability and viability of development depends on the world market price of gold, which has fluctuated significantly in recent years.

Lavras Gold is not a gold producer as at December 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 liquidity and the Company's ability to meet its ongoing obligations.

Sensitivity analysis

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

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 year ended December 31, 2024.

Lavras is 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 year ended December 31, 2024, by approximately $13,500 (December 31, 2023: $6,500).

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 year ended December 31, 2024, by approximately $1,700 (December 31, 2023: $75,400).

CAPITAL RISK MANAGEMENT

Capital structure is managed and adjusted based on the funds available to support the acquisition, exploration, and development of exploration and evaluation properties. The 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 December 31, 2024, totaled $24,667,483 (December 31, 2023: $26,752,276).

The exploration and evaluation properties in which we currently have an interest are in the exploration stage; as such the Company depends on external financing to fund activities. Lavras 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 there are 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 year ended December 31, 2024. Neither Lavras Gold nor its subsidiaries are subject to externally imposed capital requirements.

5. Categories of financial instruments

	As at December 31	
	2024	2023
	$	$
Financial assets		
Amortized cost		
Cash and cash equivalents	**1,649,592**	11,052,838
Accounts receivable, excluding HST/GST receivable	**2,936**	10,185
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**1,109,909**	570,102
Lease liabilities	**163,080**	203,813

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.

6. Exploration and evaluation properties

	Notes	As at December 31 **2024** **$**	2023 $
Acquisition costs			
Balance, beginning of year		**7,511,050**	7,248,448
Property payments		**919,024**	262,602
Balance, end of year		**8,430,074**	7,511,050
Exploration expenditures			
Balance, beginning of year		**8,466,717**	3,372,106
Expenditures during the year			
Drilling, assaying and related costs		**4,438,913**	3,551,476
Supplies		**285,112**	88,497
Consulting		**923,876**	475,284
Salaries		**536,509**	461,174
Transportation		**105,157**	98,738
Travel and accommodation		**17,585**	11,329
Concession taxes		**33,844**	4,120
Software license renewal		**148,945**	-
Depreciation		**159,309**	143,478
Share-based payments		**129,420**	96,985
Other exploration and evaluation expenses		**207,961**	163,530
Total exploration expenditure for the year		**6,986,631**	5,094,611
Balance, end of year		**15,453,348**	8,466,717
Total		**23,883,422**	15,977,767

LDS PROJECT

The LDS Project consists of various mineral rights in the state of Rio Grande do Sul, Brazil, which are held either through LDSM, or under the Vidal de Souza Purchase Agreements pending transfer of title to LDSM. LDSM was set up to meet the legal requirements for operating in a border zone. LDSM is a subsidiary that is controlled by its Brazilian subsidiary, LDS.

RTDM Option Agreement

During the year ended December 31, 2021, Lavras Gold, through its subsidiaries, was assigned the rights and obligations under an option agreement (the RTDM Option Agreement) with Rio Tinto Desenvolvimentos 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 VS Mineral Rights) optioned by the Vidal de Souza family (the Vidal de Souza Option Agreement).

The agreements with the landowners are described below.

Lavras Gold will be required to pay RTDM the following:

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

CBC Purchase Agreement

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 payments aggregating US$1,000,000 of which US$500,000 was paid as at December 31, 2023. The remaining balance of US$500,000 was paid in April 2024 upon the approved transfer of the CBC Mineral Rights to LDSM

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 Purchase 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 Purchase Agreements

On October 22, 2004, RTDM entered into an option agreement with Vidal de Souza for the VS Mineral Rights. This option agreement which was assigned to LDSM have been subsequently replaced with a series of purchase agreements (collectively, the VS Purchase Agreements) between Vidal de Souza and LDSM.

The VS Purchase Agreements required the following payments by Lavras Gold:

a) US$55,000 at execution (paid).

b) US$135,000 for direct payments of estimated costs related to estate settlement of which US$121,000 was paid in Q3 2024; the remaining balance will be settled under part (c) below.

c) US$199,000 within ten days of the date of applying for the mineral rights transfer.

d) 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

During the year ended December 31, 2021, 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 of which US$100,000 was paid as at December 31, 2024 (December 31, 2023: US$50,000). The remaining US$600,000 is payable as follows:

a) 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
b) US$100,000, within 10 days from the date that Lavras Gold completes a feasibility study
c) 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.

Lavras Gold paid US$50,000 in 2023 as additional consideration as a result of delays in the transfer of title for the BPML Mineral Rights.

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

7. 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**
Change in estimate (Note 7)	(7,219)	–	–	–	–	(7,219)
Additions for the year	51,777	–	16,226	–	24,661	92,664
Balance as at December 31, 2024	**335,205**	**33,688**	**59,147**	**239,576**	**67,924**	**735,540**
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 year	58,822	6,974	5,360	101,927	19,249	192,332
Balance as at December 31, 2024	**165,949**	**18,459**	**11,365**	**220,842**	**30,151**	**446,766**
Carrying amounts						
At December 31, 2023	183,520	22,203	36,916	120,661	32,361	395,661
At December 31, 2024	**169,256**	**15,229**	**47,782**	**18,734**	**37,773**	**288,774**

Depreciation for the year ended December 31, 2024, amounting to $159,309 (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 for office space and core sheds in Brazil.

8. 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 December 31	
	2024	2023
	$	$
Lease liabilities, beginning of the year	**203,813**	310,657
Change in estimate (Note 7)	**(7,219)**	(76,923)
Foreign exchange adjustment	**(34,305)**	–
Additions	**51,777**	17,754
Repayments	**(72,994)**	(75,062)
Interest portion	**22,008**	27,387
Lease liabilities, end of the year	**163,080**	203,813
Less: current portion	**60,443**	49,373
Non-current portion	**102,637**	154,440

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

	$
2025	77,449
2026	73,173
2027	37,204
2028	3,612
	191,438

9. 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		**51,353,016**	**29,881,895**
Exercise of stock options	(iii)	11,250	5,864
Balance, December 31, 2024		**51,364,266**	**29,887,759**

(i) On September 28, 2023, the Company closed a non-brokered 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 and contributed surplus of $25,743.

(iii) In Q3 2024, 11,250 stock options were exercised at weighted average exercise price of $0.30 for proceeds of $3,338 and contributed surplus of $2,526.

C) SHARE-BASED PAYMENTS

The Company has a stock option plan, a restricted share unit plan (RSU) and a deferred share unit plan (DSU) to provide additional incentives to directors, senior officers, employees, consultants, and management.

Under the terms of the Company's stock option and RSU/DSU plans (the "Plans"), the Company is authorized to issue up to a maximum of 10% of the issued and outstanding common shares with an exercise year not to exceed ten years. The term, exercise price and vesting conditions of the options, RSUs and DSUs are fixed by the Board of Directors at the time of grant.

Stock options

Stock option transactions and the number of stock options outstanding are as follows:

	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	**3,652,500**	**0.39**
Granted	1,454,000	1.70
Exercised	(11,250)	(0.30)
Balance, December 31, 2024	**5,095,250**	**0.76**

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

Number of options	Exercisable at December 31, 2024 #	Exercise price $	Fair value at date of grant $	Remaining contractual life years
1,500,000	1,275,000	0.50	499,500	2.30
586,250	431,875	0.35	154,887	2.57
1,330,000	915,000	0.23	232,750	3.53
100,000	100,000	0.22	16,700	3.55
125,000	62,500	1.15	109,500	3.86
1,454,000	678,500	1.70	1,881,069	4.41
5,095,250	**3,462,875**	**0.76**	**2,894,406**	**3.32**

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

	December 31, 2024	December 31, 2023
Weighted average fair value per option ($)	**1.29**	0.23
Weighted average risk-free interest rate (%)	**3.81**	3.73
Expected life (years)	**5.0**	5.0
Weighted average expected volatility (%)	**100**	100
Expected rate of forfeiture (%)	**nil**	nil
Expected dividend yield (%)	**nil**	nil

The fair value compensation and contributed surplus relating to stock options vested for the year ended December 31, 2024, was $1,488,488 (2023: $372,404); of which $1,359,068 (2023: $275,419) was expensed and the remaining $129,420 (2023: $96,985) was capitalized to exploration and evaluation properties.

Restricted Share Units ("RSUs")

Lavras Gold has an Omnibus Long-Term Incentive Plan (LTIP) pursuant to which Lavras Gold may grant RSUs to its directors, officers, employees and consultants based on the Lavars Gold's share price at the date of grant. Unless otherwise stated, the RSUs vest equally (or graded) over a one-year to three-year period.

RSU transactions and the number of RSUs outstanding are as follows:

	RSUs #	Weighted average fair value $
Balance, December 31, 2023 and 2022	**-**	**-**
Granted (i)	97,242	1.70
Balance, December 31, 2024	**97,242**	**1.70**

(i) On May 29, 2024, the Company granted 97,242 RSUs to three officers of the Company. These RSUs vest on May 29, 2025.

During the year ended December 31, 2024, the total share-based payments expense related to RSUs was $91,488 (2023: $nil).

10. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2024, was based on the loss attributable to common shareholders of $3,668,107 (December 31, 2023: $2,037,228), divided by the weighted average number of common shares outstanding of 51,357,166 (December 31, 2023: 43,757,003).

11. 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:

	Years ended December 31	
	2024	2023
	$	$
Salaries paid to officers	**724,896**	350,000
Directors' fees	**66,000**	55,000
Share-based payments	**1,248,615**	255,040
Consulting fees	**24,000**	52,000
	2,063,511	712,040

Accounts payable and accrued liabilities include $6,000 (2023: $nil) director's fees payable to a director of the Company.

12. General and administrative expenses

General and administrative expenses consist of the following:

	Years ended December 31	
	2024	2023
	$	$
Consulting fees	**252,787**	273,339
Professional fees	**488,968**	320,288
Salaries and benefits	**845,777**	505,941
Directors' fees	**66,000**	55,000
Marketing and promotion	**317,821**	323,578
Filing and transfer agent fees	**112,549**	81,867
Travel	**19,737**	19,897
Information technology support	**226,121**	132,228
Other general and administrative	**194,651**	96,419
	2,524,411	1,808,557

13. Income taxes

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

	Years ended December 31	
	2024	2023
	$	$
Loss before income tax expense (recovery)	**(3,668,107)**	(2,037,228)
Expected income tax recovery	**(1,034,000)**	(595,000)
Permanent differences	**387,000**	77,000
Share issue costs	**–**	(86,000)
Impact of changes in prior year provisions versus statutory tax returns	**19,000**	62,000
Change in unrecognized deductible temporary differences	**628,000**	542,000
Income tax expense (recovery)	**–**	**–**

The significant components of Lavras Gold's deferred tax assets that have not been included in the consolidated statements of financial position are as follows:

	As at December 31	
	2024	2023
	$	$
Deferred tax assets		
Property and equipment	**23,000**	29,000
Share issue cost	**51,000**	69,000
Non-capital losses available for future periods	**1,606,000**	954,000
	1,680,000	1,052,000
Unrecognized deferred tax assets	**(1,680,000)**	(1,052,000)
Net deferred tax assets	**–**	–

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority, and we have the legal right and intent to offset.

The significant components of Lavras Gold's temporary differences, unused tax credits, and unused tax losses that have not been included in the consolidated statements of financial position are as follows:

		As at December 31	
		2024	2023
Temporary differences	**Expiry date**	**$**	$
Property and equipment	No expiry date	**86,000**	106,000
Share issue cost	2047	**190,000**	254,000
Non-capital losses available for future periods			
Canada	2042-2044	**3,444,000**	1,815,000
Brazil	No expiry date	**1,989,000**	1,366,000

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

14. Segmented information

The Company operates in one reportable operating segment – mineral exploration. The Company's resource properties are in Brazil and its corporate assets are in Canada. Lavras Gold is in the exploration stage and, accordingly, has no reportable segment revenues.

Long term assets by geographic region are as follows:

	Canada	Brazil	Total
	$	$	$
December 31, 2024			
Exploration and evaluation properties	**–**	**23,883,422**	**23,883,422**
Property and equipment	**31,556**	**257,218**	**288,774**
December 31, 2023			
Exploration and evaluation properties	–	15,977,767	15,977,767
Property and equipment	–	395,661	395,661

15. Contingencies

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

16. Subsequent event

On February 6, 2025, the Company completed a "best efforts" public offering, pursuant to which the Company issued an aggregate of 6,819,500 common shares of the Company (each, a "Share") at a price of $2.20 per Share for gross proceeds of $15,002,900 to the Company, which included the full exercise of the over-allotment option granted in connection therewith (the "Offering"). The Shares were issued and sold pursuant to the terms of an agency agreement dated February 3, 2025 among the Company, Paradigm Capital Inc. and Canaccord Genuity, as co-lead agents, and Raymond James Ltd. and Research Capital Corporation (collectively, the "Agents").

In connection with the Offering, the Agents were paid an aggregate cash commission of $764,610 which included $720,126, representing 6% on $12,002,100 gross proceeds, and $44,484 cash commissions on the remaining $3,000,800 from the President's List. Legal, accounting, filing and other closing costs are estimated at $306,400 with total cost of issue estimated at $1,071,010 and estimated net proceeds of $13,931,890 from the Offering.