

# **CANARY GOLD CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended December 31, 2024 and 2023**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Canary Gold Corp. for the interim periods ended December 31, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility management.

The independent auditors, MNP LLP, have not performed a review of these condensed interim consolidated financial statements.

February 28, 2025

**CANARY GOLD CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2024	June 30, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		716,522	4,983
GST/HST receivable		12,748	12,908
Prepaid expenses	5	678,267	293,436
		<b>1,407,537</b>	<b>311,327</b>
Exploration and evaluation asset	6	355,232	100,000
<b>Total assets</b>		<b>1,762,769</b>	<b>411,327</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	127,728	502,657
Subscription liability		-	10,000
<b>Total liabilities</b>		<b>127,728</b>	<b>512,657</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	7(b)	3,355,912	1,661,115
Reserves		883,280	19,014
Accumulated other comprehensive income		6,546	2,996
Deficit		(2,610,697)	(1,784,455)
<b>Total shareholders' equity (deficiency)</b>		<b>1,635,041</b>	<b>(101,330)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>1,762,769</b>	<b>411,327</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 11)

Approved and authorized for issue on behalf of the Board of Directors.

/s/ Andrew Lee Smith  
Director

/s/ Al Kanji  
Director

**CANARY GOLD CORP.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended		Six months ended	
		2024	December 31, 2023	2024	December 31, 2023
		\$	\$	\$	\$
<b>Operating expenses</b>					
Corporate development		<b>68,237</b>	21,000	<b>90,737</b>	21,000
Director and management fees	8	<b>399,596</b>	65,825	<b>443,946</b>	135,750
Exploration and evaluation	6,8	<b>18,696</b>	153,662	<b>29,774</b>	230,455
Filing fees		<b>25,730</b>	266	<b>25,880</b>	5,266
General and administrative		<b>65,978</b>	10,229	<b>76,211</b>	19,667
Insurance		<b>5,646</b>	-	<b>14,115</b>	-
Marketing fees	8	<b>79,103</b>	22,500	<b>100,103</b>	27,500
Professional fees	8	<b>94,242</b>	64,958	<b>183,790</b>	110,619
Travel and meals		<b>8,686</b>	1,448	<b>8,686</b>	13,479
		<b>(765,914)</b>	(339,888)	<b>(973,242)</b>	(563,736)
Foreign exchange gain (loss)		-	580	-	(2,842)
Gain on debt forgiveness	8	-	-	<b>147,000</b>	-
<b>Net loss</b>		<b>(765,914)</b>	(339,308)	<b>(826,242)</b>	(566,578)
Translation of foreign operations to presentation currency		<b>4,732</b>	(5,996)	<b>3,550</b>	(5,996)
<b>Comprehensive loss</b>		<b>(761,182)</b>	(345,304)	<b>(822,692)</b>	(572,574)
<b>Net loss per share:</b>					
Basic and diluted		<b>(0.02)</b>	(0.01)	<b>(0.02)</b>	(0.02)
<b>Weighted average number of common shares:</b>					
Basic and diluted		<b>37,121,743</b>	28,113,174	<b>33,705,122</b>	27,236,878

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

**CANARY GOLD CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

	Six months ended December 31,	
	2024	2023
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(826,242)	(566,578)
Adjustment for:		
Share-based compensation	460,670	-
Changes in non-cash working capital:		
GST/HST receivable	160	(16,841)
Prepaid expenses	(384,831)	(273,394)
Accounts payable and accrued liabilities	(374,929)	70,543
Subscription liability	(10,000)	-
<b>Cash used in operating activities</b>	<b>(1,135,172)</b>	<b>(786,270)</b>
<b>Investing activities</b>		
Option payment for New Frontiers Project	(125,000)	-
<b>Cash used in investing activities</b>	<b>(125,000)</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from units issued in initial public offering	2,201,765	485,525
Unit issuance costs	(233,604)	(29,131)
<b>Cash provided by financing activities</b>	<b>1,968,161</b>	<b>456,394</b>
Effect of exchange rates on changes in cash	3,550	(5,996)
Net change in cash	707,989	(329,876)
Cash, beginning of period	4,983	399,348
<b>Cash, end of period</b>	<b>716,522</b>	<b>63,476</b>
<b>Supplemental cash flow information:</b>		
Cash interest paid	-	-
Cash income tax paid	-	-
Common shares issued as option payment for the New Frontiers Project	130,232	-
Common shares issued to finders and recorded in unit issuance costs	25,000	-

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

**CANARY GOLD CORP.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$
Balance, June 30, 2023	26,186,669	1,099,970	-	-	(548,586)	551,384
Common shares issued for cash	3,236,833	485,525	-	-	-	485,525
Share issuance costs	-	(44,909)	15,778	-	-	(29,131)
Translation of foreign operations to presentation currency	-	-	-	(5,996)	-	(5,996)
Net loss for the period	-	-	-	-	(566,578)	(566,578)
Balance, December 31, 2023	29,423,502	1,540,586	15,778	(5,996)	(1,115,164)	435,204
Common shares issued for cash	865,000	129,750	-	-	-	129,750
Share issuance costs	-	(9,221)	3,236	-	-	(5,985)
Translation of foreign operations to presentation currency	-	-	-	8,992	-	8,992
Net loss for the period	-	-	-	-	(669,291)	(669,291)
Balance, June 30, 2024	30,288,502	1,661,115	19,014	2,996	(1,784,455)	(101,330)
Units issued for initial public offering	12,951,556	1,798,169	403,596	-	-	2,201,765
Shares issued to finders	147,059	25,000	-	-	-	25,000
Unit issuance costs	-	(258,604)	-	-	-	(258,604)
Common shares issued for exploration and evaluation asset	465,116	130,232	-	-	-	130,232
Share-based compensation	-	-	460,670	-	-	460,670
Translation of foreign operations to presentation currency	-	-	-	3,550	-	3,550
Net loss for the period	-	-	-	-	(826,242)	(826,242)
<b>Balance, December 31, 2024</b>	<b>43,852,233</b>	<b>3,355,912</b>	<b>883,280</b>	<b>6,546</b>	<b>(2,610,697)</b>	<b>1,635,041</b>

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

## **CANARY GOLD CORP.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

#### **For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Canary Gold Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia on May 9, 2022. The Company is a junior mineral exploration company engaged in the acquisition, exploration, and evaluation of natural resource properties in Brazil. The Company currently has an option agreement on the New Frontiers Project located in the Madeira River valley, Rondônia, Brazil. The Company's registered and records office is located at 200-551 Howe St., Vancouver, British Columbia, Canada, V6C 2C2.

On November 15, 2024, the Company completed its initial public offering (the "Offering"). The Offering consisted of 12,951,556 units of the Company at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one transferable common share purchase warrant (the "IPO Warrant"). Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and expires on November 15, 2025.

The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on November 18, 2024, under the symbol "BRAZ" and on Frankfurt Stock Exchange under the symbol "K5D" on December 9, 2024.

These unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2024 and 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has incurred losses since inception and at December 31, 2024 had an accumulated deficit of \$2,610,697 (June 30, 2024 - \$1,784,455). As at December 31, 2024, the Company had cash of \$716,522 (June 30, 2024 - \$4,983) and a working capital surplus of \$1,279,809 (June 30, 2024 - a working capital deficiency of \$201,330). The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on February 28, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the year ended June 30, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023 (the "Annual Financial Statements").

### **b) Basis of presentation**

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards for each type of asset, liability, income, and expense as set out in the accounting policies below.

**CANARY GOLD CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

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**2. BASIS OF PREPARATION (continued)**

**c) Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary is the Brazilian real. The financial statements are presented in Canadian dollars, except as otherwise noted. References to "CAD" are to Canadian dollars, references to "BRL" are to Brazilian reals.

**d) Basis of consolidation**

Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. All intercompany balances, transactions and expenses have been eliminated on consolidation.

These financial statements include the accounts of the Company and its wholly owned subsidiary Canary Gold Mineracao Ltda from its incorporation date in Brazil on July 11, 2023.

**e) Reclassification of prior amounts**

The Company has reclassified certain comparative information on the condensed interim consolidated statements of loss and comprehensive loss to conform with current period presentation.

**3. MATERIAL ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements, except for the following pronouncements which became effective for periods beginning on or after July 1, 2024.

Classification of liabilities as current or non-current - amendments to IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 *Presentation of Financial Statements* specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

The Company has not early-adopted any other new accounting standards, interpretations or amendments that have been issued but are not yet effective.

**CANARY GOLD CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements under IFRS Accounting Standards requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed its Annual Financial Statements.

**5. PREPAID EXPENSES**

A summary of the Company's prepaid expenses is as follows:

	December 31, 2024	June 30, 2024
	\$	\$
Corporate development	63,000	278,436
Exploration and evaluation	419,648	15,000
Marketing fees	185,154	-
Professional fees	10,000	-
Travel and meals	465	-
	<b>678,267</b>	<b>293,436</b>

**6. EXPLORATION AND EVALUATION**

A summary of the Company's exploration and evaluation asset is as follows:

	New Frontiers Project
	\$
Balance, June 30, 2024 and June 30, 2023	100,000
Cash option payment	125,000
Common shares issued as option payment (Note 7(b))	130,232
<b>Balance, December 31, 2024</b>	<b>355,232</b>

A summary of the Company's exploration and evaluation expenses is as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
General and administrative	-	7,964	-	14,171
Geological consulting	18,696	66,877	29,774	66,877
Geophysics	-	78,821	-	95,059
Other exploration services	-	-	-	6,677
Project management	-	-	-	47,671
	<b>18,696</b>	<b>153,662</b>	<b>29,774</b>	<b>230,455</b>

On March 6, 2023, the Company entered into an option agreement (the "Agreement") with New Frontiers Gold Mineracao Ltda. (the "Optionor"). The Optionor is the legal and beneficial holder of certain properties located in the State of Rondonia, Brazil ("New Frontiers Project"). Pursuant to the Agreement, the Company has the option to acquire an undivided 70% interest in the New Frontiers Project.

**CANARY GOLD CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. EXPLORATION AND EVALUATION (continued)**

On April 1, 2024, the Company and the Optionor amended the Agreement. Under the terms of the amended the Agreement, the Company is entitled to acquire an initial 49% undivided interest in the New Frontiers Project for the following consideration (the "First Installment"):

<b>Date</b>	<b>Option payments</b>	<b>Minimum exploration expenditures</b>
Initial payment	<ul style="list-style-type: none"> <li>\$25,000 cash (paid on October 19, 2022)</li> <li>issue 500,000 common shares of the Company (issued on March 6, 2023)</li> </ul>	Not applicable
No later than 10 days following the Company's initial public offering	<ul style="list-style-type: none"> <li>\$125,000 cash (paid on December 11, 2024)</li> <li>issue common shares of the Company with an aggregate value of \$100,000 (465,116 common shares with a fair value of \$0.28 per common share for an aggregate value of \$130,232 were issued on December 4, 2024) (Note 7(b))</li> </ul>	Not applicable
On or before April 1, 2026	<ul style="list-style-type: none"> <li>\$200,000 cash</li> <li>issue common shares of the Company with an aggregate value of \$200,000</li> </ul>	\$2,500,000
On or before April 1, 2027	<ul style="list-style-type: none"> <li>\$500,000 cash</li> <li>issue common shares of the Company with an aggregate value of \$500,000</li> </ul>	\$2,500,000

In addition, on or before April 1, 2027, the Company must provide a technical report prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* that includes a mineral resource estimate in respect of the New Frontiers Project.

Following the completion of the First Installment shown above, the Company is entitled to acquire an additional 21% undivided interest by funding all of the costs associated with a development program required for the delivery of a "preliminary economic assessment" within two years of completing the First Installment.

**7. SHARE CAPITAL****a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

**b) Issued and outstanding**

During the six months ended December 31, 2024, the Company had the following share capital transactions:

- On November 15, 2024, the Company completed the Offering and issued 12,951,556 units at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one IPO Warrant. Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and expires on November 15, 2025. The gross proceeds from the units were allocated using the relative fair value method. As a result, \$1,798,169 was allocated to share capital and \$403,596 was allocated to reserves.
- In connection with the Offering, the Company incurred unit issuance costs of \$258,604 comprised of cash unit share issuance costs of \$233,604 and 147,059 common shares issued to finders with a fair value of \$25,000 (\$0.17 per share).
- On December 4, 2024, pursuant to the Agreement (Note 6), the Company issued 465,116 common shares with a fair value of \$130,232 (\$0.28 per share) to the Optionor.

**CANARY GOLD CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

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**7. SHARE CAPITAL (continued)**

During the year ended June 30, 2024, the Company had the following share capital transactions:

- On September 15, 2023, the Company closed a private placement and issued 1,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$150,000. In connection with the private placement, the Company paid cash finders' fees of \$9,000 and issued 60,000 finders' warrants with a total fair value of \$4,884. Each finders' warrant is exercisable at a price of \$0.15 and expires on September 15, 2025.
- On November 17, 2023, the Company closed a private placement and issued 1,783,333 common shares at a price of \$0.15 per share for gross proceeds of \$267,500. In connection with the private placement, the Company paid cash finders' fees of \$16,050 and issued 107,000 finders' warrants with a total fair value of \$8,693. Each finders' warrant is exercisable at a price of \$0.15 and expires on November 17, 2025.
- On December 21, 2023, the Company closed a private placement and issued 453,500 common shares at a price of \$0.15 per share for gross proceeds of \$68,025. In connection with the private placement, the Company paid cash finders' fees of \$4,081 and issued 27,210 finders' warrants with a total fair value of \$2,201. Each finders' warrant is exercisable at a price of \$0.15 and expires on December 21, 2025.
- On February 28, 2024 the Company closed a private placement and issued 665,000 common shares at a price of \$0.15 per share for gross proceeds of \$99,750. In connection with the private placement, the Company paid cash finder's fees of \$5,985 and issued 39,900 finders' warrants with a total fair value of \$3,236. Each finders' warrant is exercisable at a price of \$0.15 and expires on February 28, 2026.
- On March 8, 2024, the Company closed a private placement with the Company's directors and issued 200,000 common shares at a price of \$0.15 per share for gross proceeds of \$30,000 (Note 8).

**c) Escrowed shares**

In accordance with applicable securities rules and policies of the CSE, the Company entered into an escrow agreement (the "Escrow Agreement") on September 23, 2024 with certain shareholders, resulting in 10,250,001 common shares (the "Escrowed Shares"), representing 33.84% of the issued and outstanding common shares of the Company prior to the completion of the initial public offering, being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares will be released from escrow on the listing date (the "Initial Release") and an additional 15% to be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the Initial Release. These Escrowed Shares may not be transferred, sold, pledged, or otherwise disposed of without the consent of the regulatory authorities.

As at December 31, 2024, 1,025,000 shares have been released from escrow with 9,225,001 (June 30, 2024 - \$nil) Escrowed Shares remaining.

**d) Warrants**

During the six months ended December 31, 2024, the Company completed the Offering and issued 12,951,556 units at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one IPO Warrant. Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and expires on November 15, 2025.

During the year ended June 30, 2024, the Company completed the following finder warrant transactions:

- On September 15, 2023, in connection with the private placement, the Company paid cash finders' fees of \$9,000 and issued 60,000 finders' warrants with a total fair value of \$4,884. Each finders' warrant is exercisable at a price of \$0.15 and expires on September 15, 2025.
- On November 17, 2023, in connection with the private placement, the Company paid cash finders' fees of \$16,050 and issued 107,000 finders' warrants with a total fair value of \$8,693. Each finders' warrant is exercisable at a price of \$0.15 and expires on November 17, 2025.
- On December 21, 2023, in connection with the private placement, the Company paid cash finders' fees of \$4,081 and issued 27,210 finders' warrants with a total fair value of \$2,201. Each finders' warrant is exercisable at a price of \$0.15 and expires on December 21, 2025.

**CANARY GOLD CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

**7. SHARE CAPITAL (continued)**

- On February 28, 2024, in connection with the private placement, the Company paid cash finder's fees of \$5,985 and issued 39,900 finders' warrants with a total fair value of \$3,236. Each finders' warrant is exercisable at a price of \$0.15 and expires on February 28, 2026.

A summary of Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, June 30, 2023	-	-
Issued	234,110	0.15
Balance, June 30, 2024	234,110	0.15
Issued	12,951,556	0.25
<b>Balance, December 31, 2024</b>	<b>13,185,666</b>	<b>0.25</b>

A summary of the Company's outstanding warrants as at December 31, 2024 is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
September 15, 2025	60,000	0.15	0.71
November 15, 2025	12,951,556	0.25	0.87
November 17, 2025	107,000	0.15	0.88
December 21, 2025	27,210	0.15	0.97
February 28, 2026	39,900	0.15	1.16
	<b>13,185,666</b>	<b>0.25</b>	<b>0.87</b>

As at December 31, 2024, the weighted average remaining contractual life of outstanding warrants is 0.87 years (June 30, 2024 - 1.40 years).

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for warrants issued during the six months ended December 31, 2024 and the year ended June 30, 2024 is as follows:

	Six months ended December 31, 2024	Year ended June 30, 2024
Share price	<b>\$0.14</b>	\$0.15
Exercise price	<b>\$0.25</b>	\$0.15
Expected life	<b>1 year</b>	2 years
Risk-free interest rate	<b>3.15%</b>	4.44%
Expected volatility	<b>100.00%</b>	100.00%
Expected annual dividend yield	<b>0.00%</b>	0.00%

**CANARY GOLD CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

**7. SHARE CAPITAL (continued)****e) Stock options**

During the six months ended December 31, 2024, the Company completed the following stock option transactions:

- On November 15, 2024, the Company granted 4,532,500 stock options to certain directors, officers, and consultants of the Company. The stock options are exercisable at a price of \$0.17 per share until November 15, 2029 and vested immediately.
- On November 27, 2024, the Company granted an officer 1,000,000 stock options. The stock options are exercisable at a price of \$0.31 per share until November 27, 2029 and will vest immediately upon receiving approval from both the CSE and the Company's shareholders. If such approvals are not obtained at the next annual shareholder meeting, the stock options will be cancelled. As at December 31, 2024, the Company has not received the required approvals from shareholders and the CSE. As a result, no share-based compensation expense was recorded for the vesting of these stock options.

During the year ended June 30, 2024, the Company had no stock options granted.

A summary of the Company's stock option activity is as follows:

	Number of options outstanding	Weighted average exercise price
	#	\$
Balance, June 30, 2024 and 2023	-	-
Granted	5,532,500	0.20
<b>Balance, December 31, 2024</b>	<b>5,532,500</b>	<b>0.20</b>

A summary of the Company's stock options outstanding and exercisable as at December 31, 2024 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
November 15, 2029	4,532,500	4,532,500	0.17	4.88
November 27, 2029	1,000,000	-	0.31	4.91
	<b>5,532,500</b>	<b>4,532,500</b>	<b>0.20</b>	<b>4.89</b>

In connection with options vesting during the three and six months ended December 31, 2024, the Company recorded share-based compensation expense of \$460,670 and \$460,670, respectively (2023 - \$nil and \$nil, respectively). Share-based compensation was allocated to operating expenses as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Corporate development	45,737	-	45,737	-
Director and management fees	352,427	-	352,427	-
General and administrative	37,097	-	37,097	-
Professional fees	25,409	-	25,409	-
	<b>460,670</b>	<b>-</b>	<b>460,670</b>	<b>-</b>

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**7. SHARE CAPITAL (continued)**

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options issued during the six months ended December 31, 2024 is as follows:

Share price	\$0.14
Exercise price	\$0.17
Expected life	5 years
Risk-free interest rate	3.06%
Expected volatility	100.00%
Expected annual dividend yield	0.00%

**f) Restricted share units ("RSU")**

On November 27, 2024, the Company granted 500,000 RSUs to a holding company of an officer of the Company. The RSUs will vest immediately on the latest of: i) the date which is four months from the date of grant, ii) the date on which at least 50% of the IPO Warrants have been exercised by the warrant holders, and iii) the date of shareholder approval of the grant of the RSUs. The RSUs will be cancelled if: at least 50% of the IPO Warrants have not been exercised by November 15, 2025, or if the required shareholder approval is not received at the next annual shareholder meeting held by the Company. The RSUs have been accounted for as equity-settled share-based payments. The fair value of each RSU was determined to be the Company's share price on grant date, which was \$0.29 per RSU. As at December 31, 2024, the Company has not received shareholder approval and less than 50% of the IPO Warrants were exercised. As a result, no RSU's have vested and no share-based compensation expense has been recorded.

A summary of the Company's RSU activity is as follows:

	Number of RSUs
	#
Balance, June 30, 2024 and 2023	-
Granted	500,000
<b>Outstanding, December 31, 2024</b>	<b>500,000</b>
<b>Exercisable, December 31, 2024</b>	<b>-</b>

**8. RELATED PARTY TRANSACTIONS**

Key management personnel include those having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, officers and companies controlled by key management personnel.

A summary of the Company's related party transactions is as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Operating expenses</b>				
Director and management fees <sup>(1)</sup>	399,596	65,825	443,946	135,750
Exploration and evaluation	-	35,326	-	82,997
Marketing fees	10,000	-	10,000	-
	<b>409,596</b>	101,151	<b>453,946</b>	218,747
<b>Other income</b>				
Gain on debt forgiveness	-	-	84,000	-

(1) During the three and six months ended December 31, 2024, director and management fees include share-based compensation of \$352,427 and \$352,427, respectively (2023 - \$nil and \$nil).

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## 8. RELATED PARTY TRANSACTIONS (continued)

As at December 31, 2024, \$34,573 was included in accounts payable and accrued liabilities for amounts due to companies controlled by officers (June 30, 2024 - \$78,346). The amounts due are unsecured, due on demand and are non-interest bearing.

On August 31, 2024, the Company entered into debt waiver agreements with total value of \$147,000, of which \$84,000 was owed to Iron Mask Explorations Limited ("IME"), an entity controlled by the Company's CEO. Under the agreement, IME forgave a total of \$84,000 in accounts payable related to past management services from January 1, 2024 to August 31, 2024. In connection with the debt waiver agreements, the Company recorded a gain on debt forgiveness of \$nil and \$147,000 for the three and six months ended December 31, 2024, respectively (2023 - \$nil and \$nil).

On October 18, 2024, the Company entered into a \$44,900 (the "Loan Amount") loan agreement with the Chief Executive Officer of the Company. The loan bears a transaction fee of \$2,500 (the "Fee") and is interest-free if repaid in full, including the Fee, by November 30, 2024. If not repaid in full on time, the outstanding balance including the Loan Amount and the Fee will bear interest at 5.0% per annum accrued monthly. On November 22, 2024, the Company fully repaid the Loan Amount and the Fee.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments are comprised of cash and accounts payable and accrued liabilities which are classified as and measured at amortized cost. The carrying value of cash and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings to meet its operating requirements, after taking into account existing cash. As at December 31, 2024, the Company had cash of \$716,522 (June 30, 2024 - \$4,983), a working capital surplus of \$1,279,809 (June 30, 2024 - working capital deficiency of \$201,330), and has assessed the liquidity risk as minimal.

### b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company considers the credit risk to be minimal.

### c) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the Canadian dollar to the Brazilian real. The sensitivity of the Company's profit or loss to changes in the exchange rate between the Canadian dollar to the Brazilian real would be as follows: a 1% change in the Canadian dollar exchange rate relative to the Brazilian real would change the Company's net loss by approximately \$70 (June 30, 2024 - \$1,072).

A summary of the Company's financial assets and liabilities that are denominated in the Brazilian real is as follows:

	December 31, 2024	June 30, 2024
	\$	\$
Cash	9,274	-
Accounts payable and accrued liabilities	(16,257)	(107,153)

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**d) Geopolitical risk**

Geopolitical risk is the risk that the fair value of financial instruments will fluctuate if there is a sudden and rapid destabilization of global financial conditions in response to future events, as government authorities may have limited resources to respond to the current or future crisis. Future crises may be precipitated by any number of factors outside the Company's control, including another pandemic, natural disasters, geopolitical instability, supply chain constraints or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to operate and/or finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's results of operations and financial condition could be adversely affected.

**10. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to maintain adequate levels of funding to continue as a going concern and support its exploration of its exploration and evaluation asset.

The Company obtains funding primarily through issuing common shares. The Company's capital structure consists of all components of shareholders' equity, which was \$1,635,041 as at December 31, 2024 (June 30, 2024 - shareholders' deficiency of \$101,330). The Company manages its capital structure and makes adjustments to it for changes in economic conditions and the risk characteristics of the underlying assets, being its exploration and evaluation asset.

In order to maintain or adjust its capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. Management reviews the Company's capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the six months ended December 31, 2024.

**11. SUBSEQUENT EVENT**

On January 10, 2025, the Company issued 118,000 common shares pursuant to the exercise of 118,000 IPO Warrants at an exercise price of \$0.25 for gross proceeds of \$29,500.