RIO GRANDE RESOURCES LTD.

Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

For the period from incorporation on July 19, 2024 to January 31, 2025

Corporate Head Office
250 – 750 West Pender Street
Vancouver, BC
V6C 2T7

RIO GRANDE RESOURCES LTD.

Condensed Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		As at January 31, 2025
ASSETS		
Cash	$	656,450
Non-Current		
Exploration and evaluation assets (Note 4)		3,172,672
Total Assets	$	3,829,122
LIABILITIES AND SHAREHOLDER'S DEFICIENCY		
Current		
Accounts payable and accrued liabilities	$	663,575
Income tax penalty payable (Note 8)		201,816
Total current liabilities		865,391
Long-term promissory notes payable (Note 4)		1,197,450
Long-term royalty payable (Note 4)		366,075
Long-derivative liability (Note 4)		5,647
Total long-term liabilities		1,569,172
Total Liabilities		2,434,563
Shareholder's Deficiency		
Capital stock		2,453,598
Share based payment reserve		189,462
Deficit		(1,248,501)
Total Shareholder's Deficiency		1,394,559
Total Liabilities and Shareholder's Deficiency	$	3,829,122

Nature and continuance of operations and going concern (Note 1)
Subsequent event (Note 9)

Approved and authorized on behalf of the board of directors on March 28, 2025:

(Signed) *"Ray Strafehl"* (Signed) *"Jason Barnard"*

Ray Strafehl, Director Jason Barnard, Director

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

RIO GRANDE RESOURCES LTD.

Condensed Consolidated Statements of Loss and Comprehensive Loss
For the period from incorporation on July 19, 2024 to January 31, 2025
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		For the period from incorporation on July 19 2024 to January 31, 2025
Other Expenses		
Filing and regulatory	$	23,206
Foreign exchange loss and interest		(7,241)
Office and miscellaneous		683
Professional fees		1,187,927
Share-based compensation		43,926
Net Loss and Comprehensive Loss for the Period	$	(1,248,501)
Basic and diluted loss per common share	$	-
Weighted average shares outstanding		1

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

RIO GRANDE RESOURCES LTD.

Condensed Consolidated Statements of Changes in Shareholder's Deficiency
For the period from incorporation on July 19, 2024 to January 31, 2025
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based payment reserve	Deficit	Total Shareholder's Deficiency
Balance, Incorporation, July 19, 2024	1	$ -	$ -	$ -	$ -
Shares and warrants issued on Arrangement (Note 9)	25,827,348	2,453,598	145,536	-	2,599,134
Share-based compensation – stock options	-	-	30,700	-	30,700
Share-based compensation – RSU's	-	-	13,226	-	13,226
Net Loss and Comprehensive Loss for the Period	-	-	-	(1,248,501)	(1,248,501)
Balance, January 31, 2025	25,837,349	$ 2,453,598	$ 189,462	$ (1,248,501)	$ 1,394,559

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

RIO GRANDE RESOURCES LTD.

Condensed Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the period from incorporation on July 19 2024 to January 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss and comprehensive loss for the period	$ (1,248,501)
Share-based compensation	43,926
Promissory note issued for professional fees	520,000
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities	684,575
Net cash from operating activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	-
Promissory notes received	656,450
Net cash from financing activities	656,450
Change in cash during the period	656,450
Cash, beginning of period	-
Cash, end of period	$ 656,450
Cash paid for interest	$ -
Cash paid for tax	$ -

Non-cash items as at January 31, 2025

Net assets assumed on Arrangement (Note 9)	$ 3,172,672

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Rio Grande Resources Ltd. (the "Company" or "Rio Grande") was incorporated by Foremost Clean Energy Ltd. (Formerly Foremost Lithium Resource & Technology Ltd.) ("Foremost") under the laws of British Columbia on July 19, 2024.

On January 31, 2025 ("the Effective Date"), as part of the Plan of Arrangement (Note 9), under the laws of British Columbia, Foremost transferred to RGR all of the issued and outstanding shares of its 100% owned subsidiary Sierra Gold & Silver Ltd. ("Sierra"). On February 7, 2025, the Company began trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "RGR".

The Company is an exploration company focused on the identification and development of mineral assets in the United States of America.

The Company's head office is located at 250 - 750 West Pender Street, Vancouver, BC, V6C 2T7.

Going concern of operations

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at January 31, 2025, the Company had working capital deficiency of $208,941. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through a promissory note. The Company continues to seek capital through various means including the issuance of equity and/or debt. These material uncertainties cast substantial doubt as to the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Any such adjustments may be material.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PRESENTATION

a) Basis of measurement

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as applicable to interim financial reports, including International Accounting Standard 34, "Interim Financial Reporting". These financial statements should be read in conjunction with the annual financial statements of Company for the year ended March 31, 2024, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on March 27, 2025.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Material accounting judgments and critical accounting estimates

Material accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements include, but are not Limited to, the following:

i) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets;

ii) The ability of the Company to continue as a going concern.

Foreign currency translation

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the period end date exchange rates.

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the condensed interim consolidated financial statements.

Financial instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset.

The classification of debt instruments is driven by the business model for managing the financial assets, liabilities and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest.

If the business model is not to hold the debt instrument, it is classified as fair value through profit or loss ("FVTPL"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, and on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income ("FVTOCI").

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

Financial assets at amortized cost - A financial asset is measured at amortized cost using the effective interest method if the objective of the business model is to hold the financial asset for the collection of contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or noncurrent assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

The following table shows the classification and measurement of the Company’s financial instruments under IFRS 9:

Financial assets/liabilities	Classification and measurement
Royalty payable	at amortized cost
Income tax penalty payable	at amortized cost
Shareholder loans payable	at amortized cost

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Mineral properties - exploration and evaluation assets

Pre-exploration costs - Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Decommissioning obligations:

The Company’s activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the contractual right to the asset's cash flows expire; or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

Income taxes

Income tax expense 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. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

Basic and Diluted Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

New accounting standards issued and effective

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these condensed interim consolidated financial statements. The following accounting standards and amendments are effective for reporting periods beginning on or after January 1, 2024:

> Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

The adoption of this new accounting standard is not expected to have a material impact on the Company's condensed interim consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date.

These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On October 31, 2022, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2024 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

During the period from incorporation on July 19, 2024 to January 31, 2025, the following expenditures were incurred on the exploration and evaluation of the Company's assets:

Winston Property	**For the period from incorporation on July 19, 2024 to January 31, 2025**
Acquisition costs	
Balance, beginning of period	$ -
Acquired on Arrangement (Note 9)	2,753,439
Balance, end of period	2,753,439
Exploration costs	
Balance, beginning of period	-
Acquired on Arrangement (Note 9)	419,233
Balance, end of period	419,233
Total Balance – End of period	$ 3,172,672

Winston Property

On January 31, 2025, the Company completed the Arrangement (Note 9), which included the Winston Property.

In October 2014, Sierra entered into an option agreement with Redline Minerals Inc. and its US subsidiaries (collectively, the "Optionors") to acquire up to an 80% interest in 102 unpatented lode mining claims in the Winston Property, in addition to the four Little Granite Gold Claims ("Little Granite") and Ivanhoe and Emporia claims ("Ivanhoe/Emporia"). In April 2017, Sierra entered into a definitive purchase agreement with the Optionors to acquire all of the Optionors' rights, title and interest in and to the Winston Property. The terms of this agreement closed on May 17, 2017, thereby extinguishing any remaining obligations to Redline Minerals Inc. and its US subsidiaries. Prior to closing, for total consideration of Little Granite and Ivanhoe/Emporia, Foremost paid the Optionors $240,000 on behalf of Sierra and Foremost issued 88,000 common shares on behalf of Sierra (valued at $341,500). Prior to January 31, 2025, Sierra staked additional claims, resulting in an aggregate total of 147 lode mining claims and 2 patented claims.

Ivanhoe/Emporia claims

In accordance with the terms and conditions of the underlying Ivanhoe/Emporia purchase agreement, the Optionors agreed to sell and convey Ivanhoe/Emporia Claims for the purchase price of $500,000 USD of which US$361,375 remained owing to the Robert Howe Educational Trust ("RHET") upon closing on May 17, 2017. Sierra agreed to pay RHET a monthly royalty equal to the greater of the Minimum Monthly Royalty or Production Royalty determined in accordance with the following table:

Monthly Average Silver Price/Oz	**Minimum Monthly Royalty**	**Production Royalty %**
Less than $5.00	$125	3%
$5.00 ~ $6.99	$250	4%
$7.00 ~ $8.99	$500	5%
$9.00 ~ $10.99	$1,000	6%
$11.00 ~ $14.99	$1,500	7%
$15 or greater	$2,000	8%

4. EXPLORATION AND EVALUATION ASSETS (Continued)

All royalty payments made to RHET under the Minimum Monthly Royalty or Production Royalty of the agreement will be credited upon the purchase price. Sierra received an irrevocable waiver, effective September 30, 2024, whereby the accrued minimum monthly royalty payments outstanding as of January 31, 2025 of $366,075 (US$252,725) could not be enforced for repayment for a period of eighteen months provided that Sierra continues to make ongoing monthly payments of US$1,400. Only the permanent production royalty of 2% of NSR on all ore mined on the Ivanhoe and Emporia lode claims, will remain as an encumbrance after the property has been purchased.

Little Granite Claims

In accordance with the terms and conditions of the underlying Little Granite purchase agreement, the Optionors agreed to sell and convey Little Granite for the purchase price of $500,000 USD of which US$434,000 remained owing to Silver Rose Corporation ("Silver Rose") upon closing on May 17, 2017. During the year ended March 31, 2024, Sierra negotiated a final cash payment $75,000 USD to exercise the option through the issuance of a non-interest-bearing promissory note. $25,000 USD was repaid by Foremost during the year ended March 31, 2024. As at March 31, 2023, $67,717 ($50,000 USD) remained payable. The promissory note was due on October 15, 2023, and the remaining $50,000 USD was paid by Foremost on behalf of Sierra during the year ended March 31, 2024. Prior to closing on the revised final cash payment, the Company had paid a total aggregate of $111,000 USD to Silver Rose towards the purchase. The Little Granite Property was acquired for an aggregate cash consideration of $186,000 USD, versus aggregate consideration of $434,000 USD under the original terms. There are no encumbrances on the 4 unpatented Little Granite lode claims.

5. PROMMISORY NOTES PAYABLE

As a condition of the completion of the Arrangement (Note 9), Rio Grande issued:

i) A $677,450 promissory note to a related party, namely Jason Barnard and Christina Barnard, due for payment on or before November 5, 2027. The promissory note will bear interest of 8.95% per annum, starting 4 months from January 31, 2025. The full amount of the promissory note must be settled by Rio Grande using funds from its first and, as necessary, subsequent financing(s) following January 31, 2025. The promissory note is secured by a general security agreement.

ii) A $520,000 promissory note to a related party, namely Foremost, due for repayment on or before November 5, 2027. The promissory note will bear interest of 8.95% per annum, starting 4 months from January 31, 2025. The promissory note is unsecured.

6. CAPITAL STOCK

Authorized capital stock

Unlimited without par value.

Issued capital stock

During the period from incorporation on July 19, 2024 to January 31, 2025:

On January 31, 2025, as part of the Arrangement (Note 9), Rio Grande issued 25,827,348 shares valued at $2,453,598, and 9,281,236 warrants valued at $46,715 (Note 6) totaling $2,500,313 as consideration.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

Stock options

On January 31, 2025, upon completion of the Arrangement (Note 9), Rio Grande granted 944,018 stock options. They are fair valued at $13,500.

Stock option transactions for the period from incorporation on July 19, 2024 to January 31, 2025, are summarized as follows:

Expiry Date	Exercise Price	Balance July 19, 2024	Granted	Exercised	Forfeited / Expired	Balance January 31, 2025	Exercisable
March 8, 2025	$ 0.754	-	8,000	-	-	8,000	8,000
September 2, 2025	$ 0.620	-	40,000	-	-	40,000	40,000
September 6, 2025	$ 0.669	-	16,000	-	-	16,000	16,000
November 20, 2025	$ 0.195	-	12,000	-	-	12,000	12,000
December 2, 2025	$ 0.438	-	84,000	-	-	84,000	84,000
December 13, 2025	$ 0.462	-	42,000	-	-	42,000	42,000
March 26, 2026	$ 0.161	-	40,000	-	-	40,000	40,000
August 25, 2026	$ 0.275	-	35,000	-	-	35,000	35,000
September 6, 2026	$ 0.321	-	65,000	-	-	65,000	65,000
November 1, 2026	$ 0.365	-	20,000	-	-	20,000	20,000
December 4, 2026	$ 0.266	-	40,000	-	-	40,000	40,000
November 15, 2027	$ 0.134	-	110,000	-	-	110,000	110,000
September 6, 2028	$ 0.321	-	80,000	-	-	80,000	80,000
February 15, 2029	$ 0.194	-	40,000	-	-	40,000	40,000
April 1, 2029	$ 0.134	-	166,388	-	-	166,388	166,388
July 23, 2029	$ 0.190	-	72,000	-	-	72,000	72,000
November 15, 2029	$ 0.134	-	73,630	-	-	73,630	-
Total		**-**	**944,018**	**-**	**-**	**944,018**	**870,388**
Weighted average remaining years		-				2.74	

The fair value of stock options granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions.

	Granted on Acquisition on January 31, 2025
Fair value per option	$ 0.095
Exercise price	$ 0.2638
Expected life (years)	2.73
Interest rate	2.836%
Annualized volatility (based on historical volatility)	100%
Dividend yield	0.00%

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

Restricted Share Units ("RSU")

The terms and conditions of vesting of each granted are determined by the Board at the time of the grant in accordance with the Company's Stock Incentive Plan. The Company use the fair value method to recognize the obligation and compensation expense associated with the restricted share units ("RSUs"). The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU, the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

On January 31, 2025, upon completion of the Arrangement (Note 9), Rio Grande issued 444,982 RSU's. The RSU's are fair valued at $37,101, based on the Foremost stock price of $1.93 at the date of grant multiplied by Rio's portion of 0.0864. The Company has recorded $13,226 relating to the vested portion at the date of grant.

The fair value of each RSUs is recorded as share-based payments over the vesting period. These RSUs will vest as follows:

- 158,634 RSUs vested immediately.
- 96,276 RSUs – 80,552 vest on April 1, 2025 and 15,724 vested immediately upon the resignation of a director.
- 179,348 RSUs vest equally over a three-year period starting on April 1, 2025.
- 10,724 RSUs vest on November 15, 2025.

Restricted share unit transactions for the period from incorporation on July 19, 2024 to January 31, 2025, are summarized as follows:

Grant Date	Balance July 19, 2024	Granted	Exercised	Forfeited / Expired	Balance January 31, 2025	Exercisable
January 31, 2025	-	444,982	-	-	448,982	174,358

Warrants

As part of the Arrangement (Note 9), Rio Grande will be obligated to issue up to 9,281,236 Rio Grande Shares, assuming the full exercise of Foremost Warrants (Note 9) with a weighted average exercise price of $0.05 per warrant.

- Rio Grande has recorded $37,739 in transaction costs relating to its pro-rata share of the original value of the Foremost Warrants.
- Rio Grande has recorded a $8,976 long term derivative liability relating to its pro-rata share of the value attributed to the Foremost warrants that are exercisable in USD.

A continuity of the warrants for the nine-month period ended December 31, 2024, are summarized as follows:

Expiry Date	Exercise Price	Balance July 19, 2024	Granted	Exercised	Forfeited / Expired	Balance January 31, 2025
March 13, 2026	$ 0.1792	-	683,184	-	-	683,184
March 13, 2026	$ 0.1524	-	6,548	-	-	6,548
April 29, 2026	$ 0.1524	-	494,942	-	-	494,942
April 29, 2026	$ 0.1524	-	102	-	-	102
November 14, 2026	$ 0.1792	-	6,091,000	-	-	6,091,000
November 14, 2026	$ 0.1344	-	325,460	-	-	325,460
August 21, 2028	$ 0.4057	-	80,000	-	-	80,000
August 24, 2028	$ 0.4057	-	1,600,000	-	-	1,600,000
Total		**-**	**9,281,236**	**-**	**-**	**9,281,236**
Weighted average remaining life (years)		-				2. 17

7. FINANCIAL RISK MANAGEMENT

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e., capital stock and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares. The Company is not exposed to any externally imposed capital requirements.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The carrying value of accounts payable and accrued liabilities, royalty payable, and income tax penalty payable approximate their fair value because of the short-term nature of these instruments.

7. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consists primarily of royalty payable and income tax penalty payable.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2025, the Company had current liabilities of $865,391. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk and is dependent on obtaining loans or financings in order to continue as a going concern. Despite previous success in acquiring these loans, there is no guarantee of obtaining future loans.

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

Interest rate risk
The Company has income tax penalties payable that accrues interest. The Company's liabilities do not have significant exposure to interest rate risk.

Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to income tax penalty payable and royalty payable. A 10% change in the USD/CAD foreign exchange rate would result in a $53,684 foreign exchange gain or loss. The Company has not hedged its exposure to currency fluctuations.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

8. INCOME TAXES

The Company has income tax penalties payable due to the late filing of corporate tax returns. Interest on unpaid penalties accrues at 8% per annum.

9. ARRANGEMENT AGREEMENT (SPIN-OUT)

On July 29, 2024, the Company entered into an Arrangement Agreement, which was amended and restated on November 4, 2024, whereby Foremost would spin out 100% of the shares of Sierra, into Rio Grande, by way of a plan of arrangement (the "Arrangement").

On January 31, 2025, Foremost and Rio Grande completed the spin-out transaction at which time Sierra did not constitute a business as defined under IFRS 3 Business Combination; therefore, has been recorded as an asset acquisition. The estimated net assets acquired pursuant to the acquisition are as follows:

Total Purchase Consideration	
Fair value of 25,827,349 common shares	$ 2,453,598
Fair value of 9,281,236 warrants	151,183
Total purchase consideration	$ 2,604,781

Allocation of Purchase Consideration	
Exploration and evaluation assets	$ 3,172,672
Royalty payable	(366,075)
Income tax penalty payable	(201,816)
Total net assets assumed	$ 2,604,781

As a condition to the completion of the Arrangement, Rio Grande issued:

i) A $677,450 promissory note (the "Rio Grande Promissory Note") to a related party, namely Jason Barnard and Christina Barnard, due for payment on or before November 5, 2027. The Rio Grande Promissory Note bears interest of 8.95% per annum, starting four (4) months from the effective date of the Arrangement (the "Effective Date"). The full amount of the Rio Grande Promissory Note must be settled by Rio Grande using funds from its first and, as necessary, subsequent financing(s) following completion of the Arrangement. The Rio Grande Promissory Note is secured by a general security agreement.

ii) A $520,000 promissory note (the "Foremost Promissory Note") to a related party, namely Foremost, due for repayment on or before November 5, 2027. The Foremost Promissory Note bears interest of 8.95% per annum, starting four (4) months from the Effective Date. The Foremost Promissory Note is unsecured.

Pursuant to the terms of the Arrangement, Foremost (i) transferred to Rio Grande the right to collect receivables in respect of all amounts outstanding from Sierra to Foremost as at the Effective Date (January 31, 2025) and (ii) assigned and transfered to Rio Grande all of the issued and outstanding common shares in the capital of Sierra in consideration for Rio Grande issuing to Foremost such number of Rio Grande Shares as is equal to the quotient obtained by dividing by 0.8005 the product obtained by multiplying the number of Foremost Shares issued and outstanding immediately prior to the effective time on the Effective Date (the "Effective Time") by two (2), being 25,827,349 shares.

9. ARRANGEMENT AGREEMENT (SPIN-OUT) (Continued)

Notwithstanding Foremost's equity incentive plan (the "Foremost Incentive Plan"), each stock option of Foremost (the "Foremost Options") entitling the holder thereofto acquire one (1) Foremost Share outstanding immediately prior to the Effective Date shall be simultaneously surrendered and transferred by the holder thereof to Foremost (free and clear of any encumbrances) in the following portions and such portions shall be exchanged for, as the sole consideration therefor the following consideration:

i) 0.9136 of each Foremost Option held immediately prior to the Effective Time shall be transferred and exchanged for one (1) Foremost Replacement Option to acquire one (1) Foremost Share issued in connection with the Arrangement (the "New Foremost Shares") having an exercise price (rounded up to the nearest cent) equal to the product of the exercise price of the Foremost Option so exchanged immediately before the exchange of such Foremost Option multiplied by the fair market value of a Foremost Share determined immediately prior to this divided by the total fair market value of a new Foremost Share and the fair market value of two (2) Rio Grande Shares determined immediately prior to the Effective Time; and

ii) 0.0864 of each Foremost Option held immediately prior to the Effective Time shall be transferred and exchanged for two options of Rio Grande ("Rio Grande Options"), with each whole Rio Grande Option entitling the holder thereof to acquire one (1) Rio Grande Share having an exercise price (rounded up to the nearest cent) equal to the product of the exercise price of the Foremost Option so exchanged immediately before the exchange of such Foremost Option multiplied by the fair market value of a Rio Grande Share determined immediately prior to this divided by the total of the fair market value of a new Foremost Share and the fair market value of two (2) Rio Grande Shares at the Effective Time.

Notwithstanding the Foremost Incentive Plan, each restricted share unit of Foremost (each a "Foremost RSU") to acquire one (1) Foremost Share outstanding as at the Effective Time shall be deemed to be, simultaneously surrendered and transferred by the holder thereof to Foremost (free and clear of any encumbrances) in the following portions and such portions shall be exchanged for, as the sole consideration therefor the following consideration:

i) 0.9136 of each Foremost RSU immediately prior to the Effective Time shall be transferred and exchanged for one (1) Foremost Replacement RSU to acquire such number of New Foremost Shares and on such vesting and other conditions as set forth in the applicable award agreement in respect of such Foremost RSU; and

ii) 0.0864 of each Foremost RSU held immediately prior to the Effective Time shall be transferred and exchanged for two (2) restricted share units of Rio Grande to acquire such number of Rio Grande Shares and on such vesting and other conditions as set forth in the applicable award agreement in respect of such Foremost RSU.

Concurrently with the exchange of the Foremost Options and Foremost RSU's, each share purchase warrant of Foremost (each a "Foremost Warrant") amended to entitle the holder thereof to receive, upon due exercise thereof, for the exercise price immediately prior to the Effective Time:

i) one (1) New Foremost Share for each Foremost Share that was issuable upon due exercise of the Foremost Warrant immediately prior to the Effective Time; and

ii) two (2) Rio Grande Shares for each Foremost Share that was issuable upon due exercise of the Foremost Warrant immediately prior to the Effective Time,

9. ARRANGEMENT AGREEMENT (SPIN-OUT) (Continued)

Additionally, Foremost and Rio Grande have acknowledged and agreed that:

i) Rio Grande shall forthwith upon receipt of written notice from Foremost from time to time issue, as directed by Foremost, that number of Rio Grande Shares as may be required to satisfy the foregoing;

ii) Foremost shall, as agent for Rio Grande, collect and pay to Rio Grande an amount for each two (2) Rio Grande Shares so issued that is equal to the exercise price under the Foremost Warrant multiplied by the fair market value of two (2) Rio Grande Shares at the Effective Time divided by the total fair market value of a Foremost Share and two (2) Rio Grande Shares at the Effective Time; and

iii) the terms and conditions applicable to the Foremost Warrants, immediately after the Effective Time, will otherwise remain unchanged from the terms and conditions of the Foremost Warrants as they exist immediately before the Effective Time.

10. SUBSEQUENT EVENTS

Subsequent to January 31, 2025, the Company:

i) granted 50,000 stock options exercisable at $0.07 until March 14, 2028 to a consultant.

ii) granted 1,298,453 stock options exercisable at $0.065 until February 26, 2028 to an investor relation consultant, an officer and consultants.