

# **EMPIRE MINERALS CORPORATION INC.**

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Annual Audited Consolidated  
Financial Statements

December 31, 2024 and 2023  
(Expressed in Canadian dollars)

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of  
**Empire Minerals Corporation Inc.**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Empire Minerals Corporation Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### **Basis of Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, 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 Matter**

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 period. The 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.

Except for the matter of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

## **Other Matter**

The consolidated financial statements of the Company for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2024.

## **Other Information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2024, which we obtained prior to the date of this auditor's report.

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. 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, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the

Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 Candace Xiao.

**April 30 2025**  
**Markham, Ontario**

**Horizon Assurance LLP**

**Chartered Professional Accountant**  
**Licensed Public Accountant**

# Empire Minerals Corporation Inc.

(Incorporated under the Laws of the Province of Quebec)

## Consolidated Statements of Financial Position As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 7,615	\$ 4,463
Other receivables (Note 7)	41,958	29,967
<b>Total Current Assets</b>	<u>49,573</u>	<u>34,430</u>
Exploration and evaluation assets (Note 8)	<u>2,164,140</u>	<u>1,511,382</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,213,713</u>	<u>\$ 1,545,812</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 53,439	\$ 18,363
Due to related parties (Note 10)	2,124,319	1,267,105
<b>Total Liabilities</b>	<u>2,177,758</u>	<u>1,285,468</u>
<b>Shareholders' Equity</b>		
Share capital (Note 9)	2,450,927	2,450,927
Deficit	(2,414,972)	(2,190,583)
<b>Total Shareholders' Equity</b>	<u>35,955</u>	<u>260,344</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 2,213,713</u>	<u>\$ 1,545,812</u>

*Nature of Operations and Going Concern – Note 1*

Approved on behalf of the board on April 30, 2025

/s/ Angelo Parravano

Director

/s/ Edward Murphy

Director

The Corporation's notes are an integral part of these Annual Financial Statements

# Empire Minerals Corporation Inc.

## Consolidated Statements of Loss and Comprehensive Loss For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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	<u>2024</u>	<u>2023</u>
<b>Expenses:</b>		
Consulting	\$ 4,870	\$ 9,730
Interest on related party loans (Note 10)	201,093	124,817
Shareholder information	7,092	8,303
Professional fees	11,334	23,973
	<u>224,389</u>	<u>166,823</u>
<b>Net loss and comprehensive loss</b>	<u>\$ (224,389)</u>	<u>\$ (166,823)</u>
 Net loss per share		
- basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
 Weighted average number of shares		
- basic and diluted	<u>34,032,701</u>	<u>34,032,701</u>

The Corporation's notes are an integral part of these Annual Financial Statements

# Empire Minerals Corporation Inc.

## Consolidated Statements of Changes in Shareholder's Equity For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Common Shares			Total
	# Shares	Amount	Deficit	Shareholders' Equity
Balance, December 31, 2022	34,032,701	\$ 2,450,927	\$ (2,023,760)	\$ 427,167
Net loss for the year	-	-	(166,823)	(166,823)
Balance, December 31, 2023	34,032,701	2,450,927	(2,190,583)	260,344
Net loss for the year	-	-	(224,389)	(224,389)
Balance, December 31, 2024	34,032,701	\$ 2,450,927	\$ (2,414,972)	\$ 35,955

The Corporation's notes are an integral part of these Annual Financial Statements



# Empire Minerals Corporation Inc.

## Consolidated Statements of Cashflows For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	<u>2024</u>	<u>2023</u>
Cash was provided by (used in) the following activities:		
<b>Operating Activities</b>		
Net loss	\$ (224,389)	\$ (166,823)
Adjustment for non-cash items:		
Interest accrued on shareholder loans	201,093	124,817
Net change in non-cash working capital	23,085	(19,723)
<b>Cash flows used in operating activities</b>	<u>(211)</u>	<u>(61,729)</u>
<b>Investing Activities:</b>		
Expenditures on exploration and evaluation assets	(652,758)	(698,720)
<b>Cash flows used in investing activities</b>	<u>(652,758)</u>	<u>(698,720)</u>
<b>Financing Activities:</b>		
Related party advances	656,121	195,501
<b>Cash flows provided by financing activities</b>	<u>656,121</u>	<u>195,501</u>
Net change in cash during the year	3,152	(564,948)
Cash, beginning of year	4,463	569,411
<b>Cash, end of year</b>	<u>\$ 7,615</u>	<u>\$ 4,463</u>

The Corporation's notes are an integral part of these Annual Financial Statements

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

(Expressed in Canadian dollars)

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#### **1. Nature of Operations and Going concern**

Empire Minerals Corporation Inc. / Société Minière Empire Inc. (the “**Company**”) is a public company incorporated under the laws of the Province of Quebec. The registered office is 1255 Phillips Square, Suite 605, Montreal, QC H3B 3G5. The Company is a reporting issuer in the Province of Quebec and is not listed on any exchange.

While these audited annual financial statements (“**Annual Financial Statements**”) for the year ending December 31, 2024 have been prepared on the basis of accounting principles applicable to a going concern, which contemplated the realization of assets and the settlement of liabilities and commitments in the normal course of business, adverse conditions could cast doubt upon the validity of this assumption. A material uncertainty exists that may cast doubt on the issuers ability to continue as a going concern. As at December 31, 2024, the Company had a working capital *deficiency* of \$2,128,185 (2023 - \$1,251,038) and has incurred losses since inception resulting in an accumulated *deficit* of \$2,414,972 (2023 – 2,190,583) and has no current active business.

These financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities through means other than the normal course of business and at amounts which may differ from those shown in these financial statements.

#### **2. Basis of Preparation**

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

These financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were authorized for issue by the Board of Directors on April 30, 2025.

##### **(b) Basis of measurement and presentation currency**

The Annual Financial Statements have been prepared under the historical cost basis using the accrual basis of accounting except for cash flow information. The Company’s presentation and functional currency is the Canadian dollar (“\$”).

##### **(c) Basis of Consolidation**

The Interim Financial Statements are consolidated with its 100% owned subsidiary, 13369871 Canada Inc. which holds the Company's interest in its exploration and evaluation assets in Algoma, Ontario. All intercompany balances and transactions have been eliminated upon consolidation.

# Empire Minerals Corporation Inc.

## Notes to Consolidated Financial Statements

### For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

#### 3. Summary of Material Accounting Policies

The following accounting policies have been applied consistently to all periods presented in these financial statements:

##### (a) Financial Instruments

###### Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

A write-off of a financial asset occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

###### Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows, to the following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of financial instruments:

Asset or Liability	Measurement
Cash	FVTPL
Other receivables – loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition). As at December 31, 2024, the Company has no assets classified as FVTPL or FVOCI.

Financial liabilities are classified as subsequently measured at amortized cost, unless they fall into one of the following categories: a) financial liabilities at FVTPL, including derivative liabilities; b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition; c) financial guarantee contracts; d) commitments to provide a loan at a below-market interest rate; e) contingent consideration recognized by an acquirer in a business combination.

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

**(Expressed in Canadian dollars)**

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The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

#### Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

#### Fair value hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making 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 based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured at fair value using Level 1 inputs.

As at December 31, 2024 and 2023, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

#### **(b) Income Taxes**

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

Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

#### **(c) Basic And Diluted Loss Per Share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share has been calculated using the weighted average number of common shares that would

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

**(Expressed in Canadian dollars)**

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have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be antidilutive, diluted loss per share is the same as basic loss per share.

#### **(d) Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activities. Acquisition costs and exploration and evaluation expenditures are capitalized until the viability of the exploration properties is determined. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

The Company capitalizes costs to specific blocks of claims or areas of geological interest. Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

After technical feasibility and commercial viability of the extraction of mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

#### **(e) Environmental Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

**(Expressed in Canadian dollars)**

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The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

As at December 31, 2024 and 2023, the Company has no rehabilitation provision as the disturbance to date is minimal.

#### **(f) Accounting Standards Issued but Not Yet Effective**

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates, and determined that these are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

#### **4. Significant accounting judgments and estimates**

The preparation of these financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

##### **(a) Critical Accounting Estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

##### Provisions and contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingencies are conditions or situations with uncertain outcomes that will be resolved when one or more future events occur or fail to occur. These may include legal disputes, regulatory actions, or other events that could impact the financial position or performance of the Company. Contingencies are evaluated to determine the likelihood of potential outcomes and assess the range of possible financial effects. This evaluation involves a high degree of judgment based on available information, including legal opinions, expert advice, and historical experience. Where it is probable that a loss has been incurred and the amount can be reliably estimated, a provision is recognized in financial statements. If the likelihood of loss is uncertain or the amount cannot be reliably estimated, disclosure is made in the financial statements, indicating the nature of the contingency and an assessment of its possible outcome.

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

(Expressed in Canadian dollars)

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#### **(b) Critical Accounting Judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

##### Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the Canadian dollar.

##### Evaluation of going concern

At each reporting period, the preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

##### Income taxes

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

#### **5. Capital Management**

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future. The Company does not have any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

#### **6. Financial Risk Management**

The Board of the Company has overall responsibility for the establishment and oversight of its risk management framework. Risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's financial instruments primarily consist of cash and accounts payable and accrued liabilities. The Company is exposed to various risks as it relates to these financial instruments. There have been no changes in risks, objectives, policies and procedures during the current reporting period. The following analysis provides a measure of the risks:

# **Empire Minerals Corporation Inc.**

## **Notes to Consolidated Financial Statements**

### **For the years ended December 31, 2024 and 2023**

(Expressed in Canadian dollars)

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#### **(a) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's primary source of liquidity to date has been equity financing and shareholder loans. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and to meet the Company's financial obligations. As at December 31, 2024, the Company has a working capital deficiency of \$2,128,185. The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future debt or equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at December 31, 2024, the Company has no revenue generating business and no incoming cash flow from operations, therefore, liquidity risk is considered high.

#### **(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash held in a large Canadian financial institution. As the Company's cash is held by a bank, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies. As at December 31, 2024, the maximum credit risk is equivalent to the carrying value of the Company's cash balance.

#### **(c) Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk, as it does not hold any financial instruments with future cash flows that are subject to variability due to changes in market interest rates.

#### Foreign currency risk

The Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to the fluctuating exchange rates.

#### Commodity price risk

Commodity prices fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.



# Empire Minerals Corporation Inc.

## Notes to Consolidated Financial Statements

### For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

#### 7. Other receivables

The Company's other receivables breakdown as below:

	December 31, 2024	December 31, 2023
GST/HST receivable	\$ 39,840	\$ 27,909
Loan receivable	2,118	2,058
	<b>\$ 41,958</b>	<b>\$ 29,967</b>

On November 20, 2022, the Company made a \$2,000 loan to the Grantor in connection with the Purchase Agreement (Note 8). The loan bears an annual interest of 3% and is due on demand. The loan is secured by way of a collateral mortgage registered on the title of the properties in the Purchase Agreement.

#### 8. Exploration and evaluation assets

##### Jarvis, Duncan and Riggs Townships

Started from 2021, the Company has been acquiring a 100% interest in some mining properties in the Jarvis, Duncan and Riggs Townships in the District of Algoma, Ontario.

During the year ended December 31, 2024, the Company paid \$30,550 (2023 - \$48,483) of acquisition costs and incurred \$122,208 (2023 - \$nil) of exploration work on these properties.

##### Esqueda Township

On May 1<sup>st</sup>, 2022, the Company entered into an Exploration and Option to Purchase Agreement (the "Purchase Agreement") with a third party (the "Grantor") for a mining property located in Esqueda Township in the District of Algoma, Province of Ontario. The Purchase Agreement grants the Company an option to acquire a 100% undivided interest in the property as well as the right to carry out operations during the term of five years. In addition, the Company grants to the Grantor a royalty with respect to the property of 0.5% net smelter returns on all minerals and a 0.5% gross overriding royalty on diamonds. The Company is entitled to buy-out the royalty agreement at any time for \$7,000,000.

Under the Purchase Agreement, the Company is to pay the Grantor \$3 million in six annual installments of \$500,000, beginning May 1, 2022. As of December 31, 2024, \$1.5 million has been paid on schedule, with three installments of \$500,000 remaining, due annually on the agreement's anniversary.

During the year ended December 31, 2024, the Company paid \$500,000 (2023 - \$500,000) of acquisition costs and incurred \$nil (2023 - \$150,237) of exploration work on this property.

# Empire Minerals Corporation Inc.

## Notes to Consolidated Financial Statements

### For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

#### 9. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares. As at December 31, 2024 and 2023, the Company has 34,032,701 common shares issued and outstanding, valued at \$2,450,927.

##### *Warrants*

The Company's outstanding warrants as at December 31, 2024 and 2023 are as follows:

	Number	Weighted Average Exercise Price
December 31, 2022 and 2023	6,000,000	\$ 0.50
Expired	(6,000,000)	\$ 0.50
<b>December 31, 2024</b>	<b>-</b>	<b>\$ -</b>

In December 2022, the Company issued 6,000,000 warrants in connection with a private placement. Each warrant is exercisable into a common share at a price of \$0.50 until expiry on December 2, 2024. During the year ended December 31, 2024, these 6,000,000 warrants expired unexercised.

#### 10. Related Party

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company's related parties consist of executive officers, directors and shareholders.

##### *Loans*

As at December 31, 2024, the Company received advances from two related parties:

Related party loans (Cdn \$)		Mr. Parravano	Mr. Salna	Total
Opening balance	December 31, 2022	472,990	473,797	946,787
Advances		97,705	97,796	195,501
Accrued interest		61,980	62,837	124,817
Balance	December 31, 2023	632,675	634,430	1,267,105
Advances		328,060	328,060	656,120
Accrued interest		100,642	100,451	201,093
Balance	December 31, 2024	1,061,377	1,062,941	2,124,318

Mr. Robert Salna is an individual that owns greater than 10% of the Company shares. Mr. Parravano is the CEO and CFO and greater than 10% shareholder. These advances are unsecured, 12% interest bearing, and due on demand. These funds were advanced in order to pay outstanding items as they came due.

##### *Executive Compensation*

There was no executive compensation or share-based payments for the years ended December 31, 2024 and 2023.

# Empire Minerals Corporation Inc.

## Notes to Consolidated Financial Statements

### For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

#### 11. Income Taxes

The Company's provision for income taxes differs from the amount computed by applying the Canadian combined federal and provincial statutory income tax rate of 26.7% (2023 – 26.7%) to the loss before taxes as follows.

	2024	2023
Loss before income tax	\$ (224,389)	\$ (166,823)
Expected tax expense (recovery)	(60,000)	(45,000)
Change in deferred tax asset not recognized	60,000	45,000
Expected income tax expense	\$ -	\$ -

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities.

	2024	2023
Non-capital losses	\$ 672,000	\$ 448,000
Exploration and evaluation properties	16,000	16,000
Valuation allowance	(688,000)	(464,000)
Deferred tax liabilities	\$ -	\$ -

The Company has available approximately \$672,000 (2023 - \$448,000) in non-capital loss carry-forwards which can be used to reduce the amount of tax payable in future years. The potential benefit of these losses has not been recognized in these financial statements and will expire if unused as follows:

Expiry	Amount
2037	26,000
2038	76,000
2039	25,000
2040	15,000
2041	27,000
2042	112,000
2043	167,000
2044	224,000
	\$ 672,000