



TROILUS

TROILUS GOLD CORP.

CONSOLIDATED
FINANCIAL STATEMENTS

For the years ended
July 31, 2024 and 2023

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Troilus Gold Corp.

Opinion

We have audited the consolidated financial statements of Troilus Gold Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

Key audit matters

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

We have determined that there were no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 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 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 judgement 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 risks 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.

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 of the audit resulting in this independent auditor's report Nicole Louli.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
October 29, 2024

TROILUS GOLD CORP.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Notes	July 31, 2024	July 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 6,863,619	\$ 3,901,133
Tax credit receivable	15	7,742,224	11,490,000
Amounts receivable	5	1,154,171	415,249
Investments	6	639,286	14,002,843
Prepaid expenses		672,131	666,224
Total current assets		17,071,431	30,475,449
Investment in associate	7	1,472,984	-
Reclamation deposits	8	844,595	844,595
Property and equipment	9	5,542,660	5,506,856
TOTAL ASSETS		\$ 24,931,670	\$ 36,826,900
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	19	\$ 5,489,091	\$ 3,160,672
Current portion of lease liabilities	10	349,741	688,365
Current portion of reclamation provision	8	174,191	139,738
Total current liabilities		6,013,023	3,988,775
Long-term portion of lease liabilities	10	667,954	384,290
Reclamation provision	8	2,660,915	2,570,641
Total liabilities		9,341,892	6,943,706
SHAREHOLDERS' EQUITY			
Share capital	11	210,885,750	184,023,099
Share purchase warrant reserve	12	506,110	539,966
Share-based payment reserve	13	4,655,116	12,049,119
Accumulated deficit		(200,457,198)	(166,728,990)
Total shareholders' equity		15,589,778	29,883,194
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 24,931,670	\$ 36,826,900
Nature of operations	1		
Commitments and contingencies	20		
Subsequent events	22		

Approved on behalf of the Board of Directors:

"Tom Olesinski"

Director

"Justin Reid"

Director

-- see accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.**Consolidated Statements of Operations and Comprehensive Loss****(Expressed in Canadian dollars)**

	Note	Years ended July 31,	
		2024	2023
Expenses			
Exploration and evaluation expenses	15	\$ 21,587,402	\$ 22,373,686
Reclamation estimate	8	367,438	(607,482)
General and administrative expenses	16, 19	5,282,469	6,210,020
Share-based payments	13	2,964,263	7,321,991
Total expenses before other items		(30,201,572)	(35,298,215)
Other income/(expenses)			
Camp rental income		453,179	32,995
Interest income		411,848	247,815
Interest on lease liabilities	10	(97,813)	(136,023)
Flow-through share premium recovery	11	1,190,512	-
Accretion of reclamation provision	8	(87,274)	(109,703)
Gain on sale of mineral claims	6	1,874,433	39,687,799
Realized loss on sale of investment	6	(14,677,165)	(2,398,614)
Unrealized gain/(loss) on investments	6	7,163,243	(7,584,155)
(Loss) from investment in associate	7	(371,449)	-
Other gains/(losses)	17	73,884	(17,298)
Net (loss) and comprehensive (loss) for the year		\$ (34,268,174)	\$ (5,575,399)
Net (loss) per share			
Basic and diluted		\$ (0.13)	\$ (0.03)
Weighted average common shares outstanding			
Basic and diluted		266,844,711	219,506,113

-- see accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.**Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)**

	Notes	Years ended July 31,	
		2024	2023
CASH FLOWS FROM:			
Operating activities			
Net (loss) for the year		\$ (34,268,174)	\$ (5,575,399)
Items not involving cash			
Share-based payments	13	2,964,263	7,321,991
Depreciation	9	1,424,303	1,528,443
Value of shares received on sale of mineral claims	6,7	(1,874,433)	(40,040,500)
Flow-through share premium	11	(1,190,512)	-
Reclamation estimate adjustment	8	367,438	(607,482)
Reclamation costs incurred	8	(329,985)	(126,284)
Realized and unrealized losses on investment	6	7,513,922	9,982,769
Loss from investment in associate	7	371,449	-
(Gain) on disposal of assets	17	(186,624)	(89,572)
Accretion of reclamation estimate	8	87,274	109,703
		<u>(25,121,079)</u>	<u>(27,496,331)</u>
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		(745,390)	550,990
Tax credit receivable		3,747,776	873,000
Accounts payable and accrued liabilities		2,328,419	(5,039,274)
		<u>5,330,805</u>	<u>(3,615,284)</u>
Cash flows used in operating activities		<u>(19,790,274)</u>	<u>(31,111,615)</u>
Financing activities			
Financing proceeds	11	16,508,000	10,000,000
Share issue costs	11	(1,446,057)	(102,211)
Exercise of warrants	12	3,139,625	309,200
Lease payments	10	(935,720)	(646,088)
Cash flows provided by financing activities		<u>17,265,848</u>	<u>9,560,901</u>
Investing activities			
Property and equipment	9	(392,723)	(590,254)
Acquisition of investment		-	(637,015)
Proceeds from sale of investment	6	5,879,635	17,180,195
Cash flows provided by investing activities		<u>5,486,912</u>	<u>15,952,926</u>
Net change in cash and cash equivalents		2,962,486	(5,597,788)
Cash and cash equivalents, beginning of the year		<u>3,901,133</u>	<u>9,498,921</u>
Cash and cash equivalents, end of the year		<u>\$ 6,863,619</u>	<u>\$ 3,901,133</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		\$ 6,783,619	\$ 3,821,133
Cash equivalents		80,000	80,000
		<u>\$ 6,863,619</u>	<u>\$ 3,901,133</u>
SUPPLEMENTARY INFORMATION			
Property and equipment leases	9,10	\$ 1,071,557	\$ 555,786

-- see accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.

Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Share purchase warrant reserve	Share-based payment reserve	Accumulated Deficit	Total Shareholders' equity
Balance as at July 31, 2022		199,986,685	\$ 169,479,704	\$ 6,597,944	\$ 8,988,801	\$ (167,136,836)	\$ 17,929,613
Private placement		20,408,163	10,000,000	-	-	-	10,000,000
Cost of issue		-	(102,211)	-	-	-	(102,211)
Share-based payments		6,242,929	4,052,394	-	(4,052,394)	-	-
Value of share-based compensation		-	-	-	7,321,991	-	7,321,991
Exercise of warrants		464,418	309,200	-	-	-	309,200
Allocation of value on exercise of warrants		-	284,012	(284,012)	-	-	-
Allocation of value on expiry of warrants		-	-	(5,773,966)	-	5,773,966	-
Allocation of value on expiry of options		-	-	-	(209,279)	209,279	-
Net loss for the year		-	-	-	-	(5,575,399)	(5,575,399)
Balance as at July 31, 2023		227,102,195	\$ 184,023,099	\$ 539,966	\$ 12,049,119	\$ (166,728,990)	\$ 29,883,194
Private placement	11	2,325,581	1,000,000	-	-	-	1,000,000
Cost of issue	11	-	(72,598)	-	-	-	(72,598)
Unit financing	11	41,708,570	15,508,000	-	-	-	15,508,000
Value of warrants on unit financing	11	-	(870,708)	870,708	-	-	-
Cost of issue	11	-	(1,373,459)	-	-	-	(1,373,459)
Flow-through share premium	11	-	(1,190,512)	-	-	-	(1,190,512)
Exercise of warrants	11	6,279,250	3,504,223	(364,598)	-	-	3,139,625
Expiry of warrants	12	-	-	(539,966)	-	539,966	-
Share-based payments	13	7,786,200	10,357,705	-	(10,358,266)	-	(561)
Value of share-based compensation	13	-	-	-	2,964,263	-	2,964,263
Net loss for the year		-	-	-	-	(34,268,174)	(34,268,174)
Balance as at July 31, 2024		285,201,796	\$ 210,885,750	\$ 506,110	\$ 4,655,116	\$ (200,457,198)	\$ 15,589,778

-- see accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Troilus Gold Corp. (the “Company”) was continued under the laws of Ontario, Canada. The Company owns a 100% interest in a past-producing gold mine located near Chibougamau, within the Frotêt-Evans Greenstone Belt in Quebec (the “Troilus project”). The Company acquired additional mineral claims adjacent to the Troilus project through various transactions, including the acquisition of UrbanGold Minerals Inc. (“UrbanGold”). Collectively, these properties are referred to as the “Troilus Gold property”. The principal business of the Company is the exploration and future development of the Troilus Gold property. The Company’s head office is located in Montreal at 715 Square Victoria, Suite 705, Montreal, Quebec, H2Y 2H7. The Company’s registered office is located at 36 Lombard Street, 4th Floor, Toronto, Ontario, M5C 2X3. The Company’s shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “TLG” as well as on the OTCQX under the symbol “CHXMF” and on the Frankfurt Stock Exchange under the symbol “CM5R”. All dollar amounts are Canadian dollars unless otherwise noted.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements of the Company for the year ended July 31, 2024 were approved and authorized for issue by the Board of Directors on October 29, 2024.

2. BASIS OF PRESENTATION AND COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”)

The preparation of financial statements in accordance with International Accounting Standards (“IAS”) 1, Preparation of Financial Statements, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND COMPLIANCE (continued)

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, 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 has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. These consolidated financial statements do not include any adjustments that may result from the inability to continue as a going concern. Such adjustments could be material. See Note 22.

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Existing accounting policies

These consolidated financial statements for the years ended July 31, 2024 and 2023 have been prepared using the following accounting policies:

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Signet Minerals Inc. All significant intercompany transactions and balances have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks, short-term money market instruments, call deposits and other highly liquid investments with initial maturities of three months or less. Investments in securities, investments with initial maturities greater than three months without an early redemption feature and bank accounts subject to restrictions are not presented as cash equivalents.

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit and Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company's financial assets measured at amortized cost include cash and amounts receivable. The Company's financial assets at FVPL include cash equivalents, investments and reclamation deposits.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statements of operations.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in privately held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, management estimates the fair value of these investments by considering the following: third party equity financings of the investee; significant corporate, political or operating events affecting the investee that, in management's opinion, have an impact on the value of the shares of the investee; and general market conditions. The absence of any of these events indicates generally that the fair value of the investment has not materially changed. The resulting values may differ from values that would be realized had a ready market existed. The amounts which the Company's privately held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's financial assets subject to impairment are amounts receivable, which are measured at amortized cost, and investment, which is measured at FVPL. The Company has elected to apply the simplified approach to impairment of amounts receivable as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities and lease liabilities, which are each measured at amortized cost.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

General:

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Reclamation provision:

The Company records the net present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. A liability is initially recognized as the present value of the estimated cost. A liability related to exploration and evaluation activities is expensed as incurred. A liability related to property and equipment is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost.

Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in profit or loss.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment charges. The cost of property and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset.

On initial acquisition, equipment is measured at cost. In subsequent periods, equipment is stated at cost less accumulated depreciation and any impairment charges. Depreciation is provided so as to write off the costs, less estimated residual values of equipment using the straight-line method over their remaining useful lives, or the remaining life of the mine if shorter:

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Computer equipment	2 years
Equipment and vehicles	5 - 10 years
Leased vehicles	2 - 3 years (term of lease)
Exploration camp	10 - 15 years
Leasehold improvements and furniture	5 years

When significant parts of an asset have different useful lives, depreciation is calculated on each separate component. Each asset or component's estimated useful life has due regard to both its own physical life limitations. Estimates of remaining useful lives and residual values are reviewed at least annually. Changes in estimates are accounted for prospectively.

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

Impairment of non-financial assets

Impairment testing compares the carrying values of the cash-generating units being tested with their recoverable amounts (recoverable amounts being the greater of the cash-generating units' value in use or their fair values less costs of disposal). Impairment charges are immediately recognized in profit or loss to the extent the cash-generating unit carrying values exceed their recoverable amounts. Should the recoverable amounts for previously impaired cash-generating units subsequently increase, the impairment charges previously recognized may be reversed in profit or loss to the extent the reversal is not a result of accretion and that the resulting carrying value does not exceed the carrying value that would have been the result if no impairment charges had been previously recognized.

Property and equipment is assessed for indications of impairment at the end of each reporting period or when events and changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of the impairment, if any. The best evidence of fair value less costs of disposal is the value obtained from an active market or binding sales agreement. Where neither exists, fair value less costs of disposal is estimated at the discounted future pre-tax cash flows expected to be derived from the cash generating unit, less an amount for costs of disposal. When discounting estimated future cash flows, a pre-tax discount rate that would approximate what market participants would assign is used.

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights, property option payments and exploration and evaluation activities.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which share-based payments vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All stock options and warrants outstanding during July 31, 2024 and 2023 were excluded from the diluted loss per share calculation as they were anti-dilutive.

Government assistance

The Company expects to be entitled to a refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and to a mining duties credit, which are estimated and recorded against the exploration and evaluation expenses to which they relate.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference (“premium”) between the quoted price of the common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the consolidated statement of operations when the eligible expenditures are incurred. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

Taxation

Current tax:

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Segments

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company manages its business under a single operating segment, consisting of acquiring and exploring mineral properties in Canada.

Investments in Associates

Investments in associates are accounted for using the equity method where there is significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel or the provision of essential technical information. Investments of this nature are recorded at their original cost. The investment is adjusted periodically for the Company's share of the profit or loss of the investment after the date of acquisition. Distributions received reduce the carrying amount of the investment. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired.

New and future accounting policies

During the year ended July 31, 2024, the Company adopted a number of amendments and improvements of existing standards. These included IAS 8. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

IFRS 9 and IFRS 7 -- In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments – Disclosures*. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IFRS 18 – In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standard replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, on a prospective basis. The revision may affect current or both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

Mineral resource estimates and mineral reserves

The figures for mineral resources and mineral reserves are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Estimation of decommissioning and reclamation costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Assumptions and judgements for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield and expected risk-free rate of return. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Leases under IFRS 16

Critical judgements are required in the application of IFRS 16, including identifying whether a contract (or part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Valuation of the refundable mining duties credit and the refundable tax credit for resources

The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.

Determination of significant influence of investment in associate

The Company classified Prospector Metals Corp. ("Prospector") as an associate based on management's judgment that the Company has significant influence through i) board representation as the Company had the right to nominate a board member to Prospector's board of directors; and ii) voting rights as the Company acquired 19.9% of the issued and outstanding shares of Prospector (please see Note 7).

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The determination of impairment requires significant judgment and can be triggered by significant adverse changes in the market, economic or legal environment in which the associate operates.

Contingencies

Refer to Note 20.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

5. AMOUNTS RECEIVABLE

	July 31, 2024	July 31, 2023
Input tax credits receivable	\$ 853,076	\$ 385,481
Camp rental income	250,145	-
Other miscellaneous receivables	50,950	29,768
	<u>\$ 1,154,171</u>	<u>\$ 415,249</u>

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

6. INVESTMENTS

Fair market value as at:	July 31, 2024	July 31, 2023
Public companies		
Sayona Mining Limited	\$ -	\$ 12,167,447
Other (shares)	582,276	1,388,256
Other (warrants)	46,760	339,040
	<u>\$ 629,036</u>	<u>\$ 13,894,743</u>
Private companies - Other	10,250	108,100
TOTAL INVESTMENTS	<u>\$ 639,286</u>	<u>\$ 14,002,843</u>

During the year ended July 31, 2024, the Company sold 3 non-core mineral claims to a publicly traded company for consideration of 1,500,000 units of this public company, where each unit is comprised of one common share and one common share purchase warrant. On July 30, 2024, this public company consolidated their outstanding common shares at a ratio of 1:10. The combined value of the shares and warrants was estimated to be \$30,000 based on the fair market value of the shares of this public entity. The fair market value of the warrants on acquisition and at remeasurement was estimated using the Black-Scholes option model with the following assumptions:

	Share price	Strike price	risk-free rate	volatility	time to expiry (yrs)
At acquisition	\$ 0.20	\$ 1.50	3.24%	158%	5.00
At July 31, 2024	\$ 0.06	\$ 1.50	3.09%	161%	4.37

The transaction was recorded as a gain on sale of mineral claims. The warrants are exercisable at a price of \$1.50 until December 15, 2028. The Company retains a 2% Net Smelter Royalty on these mineral claims.

During the comparative year ended July 31, 2023, the Company acquired:

- 1,538,461 units, each unit comprising one common share and one-half warrant of a publicly traded company for consideration of \$200,000. Each warrant was exercisable at a price of \$0.18 until March 15, 2026. During the year ended July 31, 2024, the warrants were adjusted to be exercisable at a price of \$0.13 until April 19, 2027. The fair market value of the warrants on acquisition and at remeasurement was estimated using the Black-Scholes option model with the following assumptions:

	Share price	Strike price	risk-free rate	volatility	time to expiry (yrs)
At acquisition	\$ 0.11	\$ 0.18	3.28%	70%	3.00
At July 31, 2024	\$ 0.075	\$ 0.13	3.46%	54%	2.72

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

6. INVESTMENTS (continued)

- 3,000,000 units, each unit comprising one common share and one-half warrant of a publicly traded company for consideration of \$300,000. Each warrant is exercisable at a price of \$0.25 until December 15, 2024. The fair market value of the warrants on acquisition and at remeasurement was estimated using the Black-Scholes option model with the following assumptions:

	Share price	Strike price	risk-free rate	volatility	time to expiry (yrs)
At acquisition	\$ 0.09	\$ 0.25	3.68%	99%	2.00
At July 31, 2024	\$ 0.11	\$ 0.25	4.06%	74%	0.38

Other warrants held during the period were remeasured using the following assumptions: share price - \$0.01; strike price - \$0.40; risk-free rate - 3.35%; volatility – 100%; time to expiry – 2.91 years.

The Company acquired shares in a publicly traded company through the market for consideration of \$137,015 during the year ended July 31, 2023. In addition, the Company sold shares of one of its holdings for net proceeds of \$113,285 recognizing a realized loss of \$22,324 for the year ended July 31, 2023.

Also, during the year ended July 31, 2023, the Company sold certain mineral claims to a subsidiary of Sayona Mining Limited (“Sayona”) for consideration of 184,331,797 ordinary shares of Sayona issued at a price of \$0.217 per share for an aggregate value of \$40,000,000. The Company incurred costs of \$352,701 in relation to this transaction resulting in a gain on sale of mineral claims of \$39,647,229 recognized during the year ended July 31, 2023. The Company retained a 2% Net Smelter Royalty on these claims.

In addition, the Company sold non-core claims to a publicly traded company for consideration of 225,000 shares of that company. These were valued at \$40,500 which was the fair market value on the date of sale. A resulting gain on sale of mineral claims of \$40,500 was recorded for the year ended July 31, 2023.

During the year ended July 31, 2024, the Company sold Sayona shares for net proceeds of \$5,879,635 (year ended July 31, 2023: \$17,066,910) and recognized a loss on sale of investments of \$14,677,165 (year ended July 31, 2023: \$2,376,290). At July 31, 2024, the Company no longer holds Sayona shares.

The Company’s investments, which include shares and warrants, were initially measured at Fair Value through Profit and Loss (“FVPL”) on the date of the acquisition and were remeasured and recorded at an aggregate value of \$639,286 at July 31, 2024, which is the estimated fair market value based on the market price on that date for publicly traded securities or based on other valuation techniques for private companies and warrants.

Unrealized gains of \$7,163,243 were recognized for the year ended July 31, 2024 with respect to the Company’s investments (year ended July 31, 2023: unrealized losses of \$(7,584,155)). Unrealized losses of \$(8,389,353) with respect to investments that were sold were transferred to realized losses (July 31, 2023: \$14,850).

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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7. INVESTMENT IN ASSOCIATE

Balance, July 31, 2023	\$ -
Fair market value of shares acquired on March 5, 2024	1,844,433
Proportionate share of adjusted net loss and comprehensive loss	(371,449)
Balance, July 31, 2024	\$ 1,472,984

In March 2024, the Company closed on an agreement for the divestiture of its non-core Mike Lake properties in Yukon to Prospector Metals Corp. ("Prospector"). Prospector is a publicly traded company incorporated in British Columbia, Canada, trading on the TSX Venture Exchange with exploration assets in the Yukon and Ontario. Consideration for these claims included 9,222,164 shares of Prospector valued at a price of \$0.20 per share, reflecting the share price on the date of issuance. Additional consideration includes a one-time milestone payment where, upon the public announcement by Prospector of a mineral resource on the Mike Lake properties, a one-time payment shall be paid to the Company in either cash or shares of Prospector (or a combination thereof) at the election of Prospector. The milestone payment shall be either \$1,000,000 if Prospector's market capitalization is less than or equal to \$20,000,000, or \$2,000,000 if Prospector's market capitalization is greater than \$20,000,000. As the requirement for this contingent payment has not taken place, the Company has not reflected the milestone payment in the Company's financial statements.

The Company determined that it has significant influence over Prospector based on the following:

- a. At the time of the transaction, the Company acquired 19.9% of Prospector's issued and outstanding shares;
- b. The Company had the right to nominate a director. The Company's nominee was appointed to the Board of Prospector in March 2024, 1 of 4 board members.

As a result, the Company's interest in Prospector is accounted for using the equity method. The following is a summary of the financial information of Prospector on a 100% basis as at July 31, 2024. Prospector has a December 31 fiscal year-end and it is impractical to prepare financial statements to July 31, 2024 as Prospector is a listed entity. It is expected that the difference in reporting for one month is not material. Adjustments to non-current assets, and net loss and comprehensive loss reflect the difference in accounting policies on capitalization of exploration assets.

	As at June 30, 2024
Cash	\$ 1,747,197
Total Current Assets	2,242,345
Total Non-Current Assets, adjusted	65,100
Total Current Liabilities	(345,831)
Total Non-Current Liabilities	-

Prospector had a flow-through expenditure commitment of \$1,128,293 as at June 30, 2024.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

7. INVESTMENT IN ASSOCIATE (continued)

	For the six months ended June 30, 2024
Net loss & comprehensive loss	\$ (1,820,286)
Adjustment for capitalized exploration and evaluation assets	(296,333)
Adjusted net loss & comprehensive loss	<u>\$ (2,116,619)</u>
Adjusted net loss & comprehensive loss since transaction date	\$ (2,116,619)
Proportionate share of adjusted net loss and comprehensive loss	\$ (371,449)

The fair market value of 9,222,164 shares of Prospector at July 31, 2024 was \$1,014,438 based on the quoted market price of Prospector's shares.

8. RECLAMATION DEPOSITS AND PROVISION

Deposits:

The Company entered into a bonding facility with an insurance company in order to secure a reclamation deposit of \$3,972,976 with the government of Quebec. The reclamation deposit served as security against current and future estimated reclamation obligations at the Troilus site from historical mining activity. To purchase this insurance, the Company deposited \$794,595 into a Guaranteed Investment Certificate secured by a Letter of Credit and pays an annual fee of 2.5% of the insured amount.

The Company has also provided a \$50,000 deposit as security against current and future estimated reclamation obligations on the landfill site on the Troilus Gold property.

Provision:

The Company recognized a provision for future estimated reclamation and water treatment costs of the former Troilus mine. As at July 31, 2024, the estimated future undiscounted liability of approximately \$3,063,000 (July 31, 2023: \$3,027,000), was adjusted for inflation at an average rate of 2.21% (July 31, 2023: 2.08%), discounted at a rate of 3.22% (July 31, 2023: 3.29%) and recorded as \$2,835,106, \$174,191 as a current liability and \$2,660,915 as a long-term liability (July 31, 2023: \$2,710,379, \$139,738 as a current liability and \$2,570,641 as a long-term liability). This estimate assumes that future mining operations would never resume. As the Company continues its exploration program, works towards a future mining scenario, and carries out reclamation work, the underlying assumptions to the reclamation provision will be adjusted accordingly. As a result of this remeasurement, for the year ended July 31, 2024, a charge of \$367,438 was recorded as an adjustment to the reclamation estimate on the consolidated statements of operations (year ended July 31, 2023: credit of \$607,482). Accretion of \$87,274 was recognized for the year ended July 31, 2024 on the consolidated statements of operations (year ended July 31, 2023: \$109,703).

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

8. RECLAMATION DEPOSITS AND PROVISION (continued)

Balance as at July 31, 2022	\$ 3,334,442
Accretion of discount	109,703
Adjustments resulting from remeasurement	(607,482)
Incurring costs applied against liability	(126,284)
Balance as at July 31, 2023	\$ 2,710,379
Accretion of discount	87,274
Adjustments resulting from remeasurement	367,438
Incurring costs applied against liability	(329,985)
Balance as at July 31, 2024	\$ 2,835,106
Current portion of liability	\$ 174,191
Long-term portion of liability	2,660,915
	\$ 2,835,106

9. PROPERTY AND EQUIPMENT

	<u>Computer and office equipment</u>	<u>Leaseholds, improvements and furniture</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Exploration Camp</u>	<u>TOTAL</u>
<i>Cost</i>						
Balance, July 31, 2022	\$ 181,432	\$ 1,745,086	\$ 1,100,804	\$ 1,123,634	\$ 5,353,939	\$ 9,504,895
Additions	24,066	257,062	304,972	15,898	544,041	1,146,039
Disposals	-	-	(364,750)	-	-	(364,750)
Balance, July 31, 2023	\$ 205,498	\$ 2,002,148	\$ 1,041,026	\$ 1,139,532	\$ 5,897,980	\$ 10,286,184
Additions	-	647,826	-	219,480	596,974	1,464,280
Disposals	-	(581,900)	(652,902)	-	-	(1,234,802)
Balance, July 31, 2024	\$ 205,498	\$ 2,068,074	\$ 388,124	\$ 1,359,012	\$ 6,494,954	\$ 10,515,662
<i>Depreciation</i>						
Balance, July 31, 2022	\$ (129,428)	\$ (1,018,249)	\$ (605,736)	\$ (212,866)	\$ (1,645,075)	\$ (3,611,354)
Expense for the period	(36,353)	(419,809)	(401,276)	(117,194)	(553,811)	(1,528,443)
Disposals	-	-	360,469	-	-	360,469
Balance, July 31, 2023	\$ (165,781)	\$ (1,438,058)	\$ (646,543)	\$ (330,060)	\$ (2,198,886)	\$ (4,779,328)
Expense for the period	(21,084)	(405,989)	(257,270)	(130,031)	(609,929)	(1,424,303)
Disposals	-	577,730	652,899	-	-	1,230,629
Balance, July 31, 2024	\$ (186,865)	\$ (1,266,317)	\$ (250,914)	\$ (460,091)	\$ (2,808,815)	\$ (4,973,002)
Net book value, July 31, 2023	\$ 39,717	\$ 564,090	\$ 394,483	\$ 809,472	\$ 3,699,094	\$ 5,506,856
Net book value, July 31, 2024	\$ 18,633	\$ 801,757	\$ 137,210	\$ 898,921	\$ 3,686,139	\$ 5,542,660

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Expressed in Canadian dollars)

9. PROPERTY AND EQUIPMENT (continued)

An amount of \$1,424,303 was expensed in depreciation for the year ended July 31, 2024, where \$1,102,366 was recorded as exploration and evaluation expenses and \$321,937 was recorded as general and administrative expenses (July 31, 2023: \$1,528,443, where \$1,192,647 was allocated to exploration and evaluation expenses and \$335,796 was allocated to general and administrative expenses).

The Company recognized \$1,071,557 in assets acquired through leases (Note 10) during the year ended July 31, 2024 (July 31, 2023: \$555,786). The Company acquired new pumping and mobile equipment on lease, and renegotiated certain office leases during the year ended July 31, 2024. The termination of the former leases was recognized as a disposal. The Company returned vehicles and other equipment on lease during the year, resulting in a gain on disposal of \$186,624 (Note 17) for the year ended July 31, 2024 (July 31, 2023: \$89,572).

10. LEASE LIABILITIES

	Years ended	
	July 31, 2024	July 31, 2023
Opening balance for the year	\$ 1,072,655	\$ 1,256,810
Assets acquired from leases and financing arrangements	1,071,557	555,786
Payments made during the period	(935,720)	(646,088)
Lease extinguishment	(190,797)	(93,853)
Closing balance for the year	\$ 1,017,695	\$ 1,072,655
Current portion of lease liabilities	349,741	688,365
Long-term portion of lease liabilities	667,954	384,290
	\$ 1,017,695	\$ 1,072,655

During the year ended July 31, 2024, the Company's lease additions included a financing agreement for pumping equipment with a term of 6 months as well as a lease-to-buy arrangement for various mobile equipment over a term of 5 months. The Company's other leases include right-of-use leases for office space and vehicles, with terms of up to 4.92 years. Interest expense recognized on these leases for the year ended July 31, 2024 was \$97,813 (year ended July 31, 2023: \$136,023).

During the year ended July 31, 2024, the Company incurred expenses of \$523,264 for short-term rental equipment (year ended July 31, 2023: \$1,213,875) which was recorded in exploration and evaluation expenses on the consolidated statement of operations. Monthly short-term rentals amount to approximately \$25,000.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL

	No. of Shares	Balance
Balance as at July 31, 2022	199,986,685	\$ 169,479,704
Private placement	20,408,163	10,000,000
Cost of issue	-	(102,211)
Share-based payments (Note 13)	6,242,929	4,052,394
Exercise of warrants (Note 12)	464,418	309,200
Allocation of value of warrants on exercise (Note 12)	-	284,012
Balance as at July 31, 2023	227,102,195	\$ 184,023,099
Private placement	2,325,581	1,000,000
Cost of issue	-	(72,598)
Unit financing	41,708,570	15,508,000
Value of warrants on unit financing	-	(870,708)
Cost of issue	-	(1,373,459)
Exercise of warrants (Note 12)	6,279,250	3,139,625
Allocation of value of warrants on exercise (Note 12)	-	364,598
Flow through share premium	-	(1,190,512)
Share-based payments (Note 13)	7,786,200	10,357,705
Balance as at July 31, 2024	285,201,796	\$ 210,885,750

Current year

In September 2023, the Company closed a non-brokered private placement financing issuing 2,325,581 flow-through common shares of the Company at a price of \$0.43 per share for gross proceeds of \$1,000,000. The Company incurred \$72,598 in costs related to this financing. The Company was required to spend \$1,000,000 in qualifying exploration expenditures by December 31, 2024 and has met this expenditure commitment as at July 31, 2024. A flow-through share premium liability of \$46,512 was recorded based on the calculated premium per dollar raised determined as the excess issue price over the quoted market price of the Company's shares at the date of issuance. The liability is reduced proportionately as the Company incurs eligible expenses. As a result of meeting its exploration commitment, the liability has been reduced to \$nil at July 31, 2024 and a flow-through share premium recovery of \$46,512 was recorded on the consolidated statements of operations and comprehensive loss for the year ended July 31, 2024 (year ended July 31, 2023: \$nil).

In November 2023, the Company closed on a bought deal financing whereby the Company issued:

- 28,580,000 units at a price of \$0.35 per unit for gross proceeds of \$10,003,000;
- 7,150,000 traditional flow-through shares at a price of \$0.42 per traditional flow-through share for gross proceeds of \$3,003,000; and
- 4,550,000 Québec flow-through shares at a price of \$0.44 per Québec flow-through share for gross proceeds of \$2,002,000.

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL (continued)

Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.50 per share for a period of 2 years following the closing. The value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%; expected volatility - 57.49%; risk-free rate - 4.41% and expiry - 2 years.

As a result of the flow-through shares issued in this financing, the Company was required to incur qualified exploration expenditures by December 31, 2024. A flow-through share premium liability of \$1,144,000 was recorded based on the calculated premium per dollar raised determined as the excess issue price over the quoted market price of the Company's shares at the date of issuance. The liability is reduced proportionately as the Company incurs eligible expenses. As a result of meeting its exploration commitment, the liability has been reduced to \$nil at July 31, 2024 and a flow-through share premium recovery of \$1,144,000 was recorded on the consolidated statements of operations and comprehensive loss for the year ended July 31, 2024 (year ended July 31, 2023: \$nil).

In December 2023, an additional 1,428,570 units of the Company were issued for gross proceeds of \$500,000 at a price of \$0.35 per unit in a private placement financing. The Company incurred \$66,979 in costs related to this financing. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%; expected volatility - 59.48%; risk-free rate - 4.07% and expiry - 2 years.

During the year ended July 31, 2024, 6,279,250 of the Company's outstanding warrants were exercised at an exercise price of \$0.50, generating gross proceeds of \$3,139,625 (year ended July 31, 2023: 464,418 warrants for proceeds of \$309,200).

Prior year

On October 3, 2022, the Company completed the first tranche of a non-brokered private placement whereby Sayona acquired 10,525,000 common shares of the Company at a price of \$0.49 per share for gross proceeds of \$5,157,250. On November 16, 2022 the Company completed a second tranche of the private placement, issuing 9,883,163 common shares of the Company to Sayona at a price of \$0.49 per share for gross proceeds of \$4,842,750. The Company paid legal and listing fees associated with this private placement of \$102,211. Sayona was granted certain participation rights to maintain its equity interest so long as it maintains said interest at or above 5%.

See subsequent events Note 22.

TROILUS GOLD CORP.

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12. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants	Weighted Average Exercise Price	Value
Balance as at July 31, 2022	24,958,524	\$1.41	\$ 6,597,944
Exercised	(464,418)	\$0.67	(284,012)
Expired unexercised	(23,242,440)	\$1.44	(5,773,966)
Balance as at July 31, 2023	1,251,666	\$1.20	\$ 539,966
Issued	15,004,285	\$0.50	\$ 870,708
Exercised	(6,279,250)	\$0.50	\$ (364,598)
Expired unexercised	(1,251,666)	\$1.20	\$ (539,966)
Balance as at July 31, 2024	8,725,035	\$0.50	\$ 506,110

The following table summarizes the warrants outstanding as at July 31, 2024:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Value (\$)	Weighted Average Remaining Contractual Life (years)	Assumptions				
						Share price	Expected Dividend Yield	Expected Volatility	Risk-free Interest rate	Expected Average Life (years)
\$ 0.50	November 20, 2025	8,010,750	8,010,750	465,136	1.31	\$ 0.32	0%	57.49%	4.41%	2.00
\$ 0.50	December 1, 2025	714,285	714,285	40,974	1.34	\$ 0.32	0%	59.48%	4.07%	2.00
		8,725,035	8,725,035	\$ 506,110	1.31					

13. SHARE-BASED PAYMENT RESERVE

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants of the Company options to purchase shares of the Company. Options granted under the plan will be for a term not to exceed five years.

The Company's Incentive Share Unit Plan ("ISU Plan") authorizes the grant of restricted Share Units ("RSU's") under the plan to directors, officers and employees or Deferred Share Units ("DSU's") under the plan to directors alone. A vested RSU represents the right to receive one common share of the Company. A vested DSU represents the right to receive one common share of the Company upon the date the participant director ceases to be a director of the Company. All Share Units, that is RSU's and DSU's, shall be settled through the issuance of common shares from treasury by the Company, and as such, the value of outstanding RSU's and DSU's is included in share-based payment reserve within equity. As at July 31, 2024, no DSU's have been granted.

The number of common shares reserved for issuance pursuant to the stock-option plan and the ISU Plan and all other security-based compensation arrangements shall, in aggregate, not exceed 10% of the Company's issued and outstanding capital.

TROILUS GOLD CORP.

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13. SHARE-BASED PAYMENT RESERVE (continued)

	Stock option Value	RSU Value	TOTAL
Balance as at July 31, 2022	\$ 209,279	\$ 8,779,522	\$ 8,988,801
RSU expense accrued	-	7,321,991	7,321,991
Value of RSUs vested and settled	-	(4,052,394)	(4,052,394)
Expiry of options	(209,279)	-	(209,279)
Balance as at July 31, 2023	\$ -	\$ 12,049,119	\$ 12,049,119
RSU expense accrued	-	2,964,263	2,964,263
Value of RSUs vested and settled	-	(10,358,266)	(10,358,266)
Balance as at July 31, 2024	\$ -	\$ 4,655,116	\$ 4,655,116

The Company does not intend to issue any new stock options under the Company's stock option plan in favour of granting RSU's and DSU's.

Outstanding RSU's:

	Number of RSU's
Balance as at July 31, 2022	14,276,657
Granted	7,650,000
Vested, settled in common shares	(6,242,929)
Forfeited	(660,000)
Balance as at July 31, 2023	15,023,728
Granted	8,320,000
Vested, settled in common shares	(7,786,200)
Forfeited	(1,550,259)
Balance as at July 31, 2024	14,007,269

During the year ended July 31, 2024, the Company granted 8,320,000 RSU's to directors, officers and employees of the Company, vesting in three tranches over a period of two or three years. The weighted average fair value of these RSU's was estimated to range between \$0.38 and \$0.45 per unit based on the quoted market price of the Company's shares on the date of grant (year ended July 31, 2023: 7,650,000 RSU's granted at a weighted average fair value of \$0.51 per unit.) For the year ended July 31, 2024, the Company has recorded \$2,964,263 as share-based payments expense representing an accrual for unvested RSU's on a front-loaded basis, based on the fair market value on the date of grant (year ended July 31, 2023: \$7,321,991).

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14. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities were classified as follows:

	Assets at amortized cost	Assets at fair value through profit or loss	Liabilities at amortized cost	Total
As at July 31, 2024				
Cash and cash equivalents	\$ 6,783,619	\$ 80,000	\$ -	\$ 6,863,619
Amounts receivable	301,095	-	-	301,095
Investments	-	639,286	-	639,286
Reclamation deposit	50,000	794,595	-	844,595
Accounts payable and accrued liabilities	-	-	5,489,091	5,489,091
Lease liabilities	-	-	1,017,695	1,017,695
As at July 31, 2023				
Cash and cash equivalents	\$ 3,821,133	\$ 80,000	\$ -	\$ 3,901,133
Amounts receivable	29,768	-	-	29,768
Investments	-	14,002,843	-	14,002,843
Reclamation deposit	50,000	794,595	-	844,595
Accounts payable and accrued liabilities	-	-	3,160,672	3,160,672
Lease liabilities	-	-	1,072,655	1,072,655

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments. The carrying value of investments is recorded at an estimated fair value based on a valuation technique using both observable and unobservable inputs. The carrying value of reclamation deposit approximates fair value as it is represented by a GIC. Management believes the carrying value of lease liabilities approximates fair value.

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

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14. FINANCIAL INSTRUMENTS (continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at July 31, 2024:

	Level 1	Level 2	Level 3	TOTAL
As at July 31, 2024				
Cash equivalents	\$ 80,000	\$ -	\$ -	\$ 80,000
Investments	582,276	46,760	10,250	639,286
Reclamation deposit	794,595	-	-	794,595
As at July 31, 2023				
Cash equivalents	\$ 80,000	\$ -	\$ -	\$ 80,000
Investment	13,555,702	339,041	108,100	14,002,843
Reclamation deposit	794,595	-	-	794,595

Some of the Company's investments are not publicly traded. Other valuation factors were used to estimate the fair value at July 31, 2024 and 2023, such as recent financings of the private entities. The fair value of warrants was estimated using the Black-Scholes option pricing model.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended July 31, 2024 and 2023.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, and reclamation deposit. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable primarily represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at July 31, 2024, the Company had current assets of \$17,071,431 (July 31, 2023: \$30,475,449) to settle current liabilities of \$6,013,023 (July 31, 2023: \$3,988,775). Approximately \$4,365,000 of the Company's financial liabilities as at July 31, 2024 have contractual maturities of less than 30 days and are subject to normal trade terms (July 31, 2023: \$1,500,000).

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14. FINANCIAL INSTRUMENTS (continued)

Liability	Total	< 1 year	Payments due by period		
			1 - 3 years	4 - 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 5,489,091	\$ 5,489,091	\$ -	\$ -	\$ -
Lease liabilities	1,017,695	349,741	379,915	288,039	-
Reclamation provision	2,835,106	174,191	436,583	427,655	1,796,677

Based on the investments held at July 31, 2024, a change in the fair value of investments by 5%, all other factors held constant, could result in a corresponding change in net income of approximately \$29,000.

15. EXPLORATION AND EVALUATION EXPENSES

The Company owns the Troilus Gold property, consisting of mineral claims and a past-producing mine property located near Chibougamau, within the Frotêt-Evans Greenstone Belt in Quebec, Canada. During the last several years, the Company acquired various claims extending its land package, including the Bullseye and Pallador claims acquired through the acquisition of UrbanGold. The Bullseye claims comprise a 50-50 joint arrangement with a third party, accounted for as a joint operation. As a result, the Company recognizes its proportionate share of any expenses related to this joint arrangement.

Of the claims initially acquired from First Quantum Minerals Inc. ("First Quantum"), a royalty of 1% remains on these claims, held by Sandstorm Gold Royalties.

As of the date of these consolidated financial statements, the Company is subject to the following underlying royalties:

The claims acquired from Emgold in December 2018 are subject to underlying NSR royalties of 1% to Emgold, that the Company has the right to repurchase for \$1,000,000. The claims acquired from O3 in November 2019 are subject to royalties of 2% NSR to O3, half of which can be repurchased for \$1,000,000, and 2% NSR to an individual, half of which can be repurchased for \$1,000,000.

The claims acquired from O3 in April 2020 are subject to royalties of 2% NSR to O3, of which half can be repurchased at any time for \$1,000,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona. Certain of the O3 claims acquired in April 2020 are subject to underlying royalties of 2% to Vale S.A. One-half of the royalty to Vale S.A. can be repurchased.

The claims acquired from Globex Mining Enterprises Inc. ("Globex") are subject to a 2% Gross Metal Sales royalty ("GMR") to Globex, of which half can be repurchased at any time for \$1,000,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona. The claims acquired from Canadian Mining House ("CMH") are subject to a 1% NSR, of which half can be repurchased for \$500,000 and half can be repurchased for \$1,500,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona.

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15. EXPLORATION AND EVALUATION EXPENSES (continued)

As well, the Company is subject to royalties on certain of the claims acquired through the UrbanGold acquisition, including a 2% NSR to O3 on certain Bullseye claims, of which half can be purchased at any time for \$500,000; a 1% NSR to Soquem on 71 Pallador claims, of which half can be purchased at any time for \$500,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona; and a 1% NSR on 55 Pallador claims.

	Years ended July 31,	
	2024	2023
Exploration and evaluation expenses:		
Drilling, assaying and geology	\$ 8,030,383	\$ 17,762,324
Salaries, payroll costs and consultants	5,779,821	8,281,389
Site and camp costs	4,724,915	2,685,961
Support and other costs	973,601	766,992
Studies	9,141,808	3,399,425
Government and community relations	196,019	163,372
Travel	436,790	701,347
Depreciation	1,102,366	1,192,647
Tax credits	(8,798,301)	(12,579,771)
	<u>\$ 21,587,402</u>	<u>\$ 22,373,686</u>

The Company has recorded \$8,798,301 in expected tax credits against the exploration activity on which they are based for the year ended July 31, 2024 (July 31, 2023: \$12,579,771). As at July 31, 2024, the Company is carrying a tax credit receivable balance of \$7,742,224 (July 31, 2023: 11,490,000) having received \$12,546,077 during the year ended July 31, 2024 (July 31, 2023: \$13,452,771).

16. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended July 31,	
	2024	2023
General and administrative expenses :		
Salaries, payroll costs and consultants	\$ 2,482,660	\$ 3,162,692
Professional costs	468,378	475,560
Shareholder communications	1,254,146	1,497,824
Office and general	516,135	517,265
Travel	239,213	220,883
Depreciation	321,937	335,796
	<u>\$ 5,282,469</u>	<u>\$ 6,210,020</u>

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17. OTHER GAINS AND (LOSSES)

	Years ended July 31,	
	2024	2023
Other expenses:		
Fee for reclamation bond	\$ (105,440)	(105,283)
Gain on disposal of assets (Note 9)	186,624	89,572
Miscellaneous	(7,300)	(1,587)
	<u>\$ 73,884</u>	<u>\$ (17,298)</u>

18. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of its mineral properties. The capital of the Company consists of share capital, share purchase warrants, and RSU's. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financing to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained substantially unchanged during the years ended July 31, 2024 and 2023.

19. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances and transactions

During the year ended July 31, 2024, the Company charged \$118,946 in fees and reimbursable expenses related to shared office space to Lithium Ionic Corp. (year ended July 31, 2023: \$29,936). At July 31, 2024, Lithium Ionic Corp. owed a balance of \$2,908 to the Company, recorded in accounts receivable and received subsequent to July 31, 2024. One of the Company's directors, Mr. Tom Olesinski, is an officer of Lithium Ionic Corp. The Company's Senior Vice-President Technical Services, Mr. Ian Pritchard, is a director of Lithium Ionic Corp.

During the year ended July 31, 2024, the Company charged \$36,465 in fees and reimbursable expenses related to shared office space to Emerita Resources Corp. (year ended July 31, 2023: \$30,000). The Company's Vice-President Corporate Affairs and Sustainability, Ms. Catherine Stretch, is a director of Emerita Resources Corp.

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19. RELATED PARTY DISCLOSURES (continued)

Mr. Justin Reid, the Company's CEO, is on the Board of Directors of Delta Resources Limited. At July 31, 2024, the Company held 3,395,000 shares and 1,500,000 warrants of Delta Resources Limited.

At July 31, 2024, the Company owed a total of \$50,003 to directors and officers of the Company. These amounts are non-interest bearing and have no fixed terms of repayment. All amounts were paid subsequent to July 31, 2024.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Years ended July 31,	
	2024	2023
Management salaries and fees	\$ 2,446,476	\$ 2,924,347
Directors fees	321,109	359,462
Share-based payments	2,401,182	6,483,935
	<u>\$ 5,168,767</u>	<u>\$ 9,767,744</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

20. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management and employment contracts. As at the date of this report, these contracts provide that, in the event services are terminated by the Company, other than for cause, approximately \$1,720,000 would be paid out with respect to these contracts. Additional contingent payments of approximately \$3,500,000 would be paid upon the occurrence of a change of control. Also, the Company currently has 13,957,268 RSU's outstanding to directors, officers and employees of the Company which will vest over the next three years. Upon a change of control, unvested RSU's would vest immediately. As a triggering event for terminations or a change of control has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments under these contracts due within one year are \$1,720,000.

The Company is obligated to make lease payments over the next 2-5 years. See Notes 10 and 14.

Underlying royalties on the Troilus Gold property are described in Note 15.

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20. COMMITMENTS AND CONTINGENCIES (contingencies)

A contingent milestone payment shall be due to the Company related to the agreement with Prospector described in Note 7.

As a result of the Company's flow-through financings in September and November 2023, the Company was committed to incur qualifying exploration expense. The Company filed renunciation forms in January 2024 renouncing these expenditures effective December 31, 2023. The Company has met its expenditure commitment with respect to both its September 2023 and November 2023 financings.

See subsequent events Note 22.

In connection with the flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

21. INCOME TAXES

Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2023 – 26.5%) were as follows:

	July 31, 2024	July 31, 2023
	\$	\$
(Loss) before income taxes	(34,268,174)	(5,575,399)
Expected income tax recovery based on statutory rate	(9,081,000)	(1,477,000)
Adjustment to expected income tax benefit:		
Share-based payments	786,000	1,940,000
Other	777,000	1,429,000
Change in benefit of tax assets not recognized	7,518,000	(1,892,000)
Deferred income tax provision (recovery)	-	-

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

21. INCOME TAXES (continued)

Deferred income tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The significant components of the Company's temporary difference, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	July 31, 2024	July 31, 2023
	\$	\$
Non-capital loss carry-forwards	65,605,000	52,754,000
Capital loss carry-forwards	17,076,000	2,399,000
Investments	20,942,000	6,278,000
Share issue costs	2,368,000	2,949,000
Unused exploration and evaluation expenses	47,009,000	48,693,000
Other temporary differences	5,360,000	2,992,000
	<u>158,360,000</u>	<u>116,065,000</u>

Tax losses

The Company has non-capital losses in Canada, which under certain circumstances may be used to reduce the taxable income of future years. The non-capital losses expire as follows:

Year	Amount (\$)
2028	556,000
2029	612,000
2030	849,000
2031	36,000
2033	2,822,000
2034	1,294,000
2036	523,000
2037	1,373,000
2038	4,572,000
2039	5,478,000
2040	8,380,000
2041	11,287,000
2042	11,178,000
2043	696,000
2044	15,949,000
	<u>65,605,000</u>

TROILUS GOLD CORP.

Notes to the Consolidated Financial Statements

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22. SUBSEQUENT EVENTS

In August 2024, the Company closed on an agreement to sell non-core mineral properties to Comet Lithium Corporation (“Comet Lithium”) for consideration of 1,500,000 common shares of Comet Lithium. The Company will retain a 2% Net Smelter Royalty on each of these properties and Comet Lithium will have the right to repurchase the Net Smelter Royalty for \$3,000,000 on each of the projects.

In August 2024, the Company closed a flow-through private placement financing issuing 851,785 flow-through common shares of the Company at a price of \$0.56 per share, for gross proceeds of \$477,000. The Company will be required to spend \$477,000 in qualifying expenditures by December 31, 2025.

In August 2024, 141,166 RSU’s vested. In October 2024, 74,167 RSU’s vested. And in September 2024, 250,000 RSU’s were granted.

In October 2024, the Company completed a bought deal private placement financing of issuing (i) 57,150,000 units of the Company, consisting of one common share and one-half common share purchase warrant, at a price of \$0.35 per unit; (ii) 10,900,000 traditional flow-through shares of the Company at a price of \$0.405 per flow-through share; and (iii) 8,600,000 Quebec flow-through shares of the Company at a price of \$0.42, for aggregate gross proceeds of \$28,029,000. The Company will be required to spend \$8,026,500 in qualifying exploration expenditures by December 31, 2025.