

AVARON MINING CORP.
Condensed Interim Financial Statements
September 30, 2024 and 2023
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Avaron Mining Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

Avaron Mining Corp.

Statements of Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended September 30,		Six months ended September 30,	
		2024	2023	2024	2023
Operating Costs					
Project evaluation costs		\$ 2,577	\$ 10,428	\$ 4,077	\$ 27,024
Listing and filing		4,961	12,748	7,759	38,086
Management and consulting	8	59,175	73,350	109,402	73,350
Marketing and shareholder information		-	27,837	22,942	27,837
Travel, meals and accomodation		8,188	-	10,988	-
Office and miscellaneous		3,139	7,473	7,672	10,759
Professional fees		5,875	5,031	10,250	36,710
Share-based payments	7	-	50,476	-	56,075
Net loss and comprehensive loss		(83,915)	(187,343)	(173,090)	(269,841)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		13,726,497	13,726,497	13,726,497	13,726,497

See accompanying notes to the condensed interim financial statements

Avaron Mining Corp.

Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2024	March 31, 2024
ASSETS			
Current Assets			
Cash		\$ 205,857	\$ 376,006
Amounts receivable		17,044	13,183
Prepaid expenses		44,301	58,646
		267,202	447,835
Exploration and evaluation assets	6	507,599	496,437
Total Assets		\$ 774,801	\$ 944,272
LIABILITIES			
Current Liabilities			
Trade and other payables	8	\$ 63,037	\$ 59,418
Total Liabilities		63,037	59,418
EQUITY			
Share capital	7	1,043,248	1,043,248
Equity reserves	7	672,749	672,749
Deficit		(1,004,233)	(831,143)
Total Equity		711,764	884,854
Total Liabilities and Equity		\$ 774,801	\$ 944,272

Nature and Continuation of Operations (Note 1)

Subsequent Event (Note 9)

Approved on behalf of the Board

"Miloje Vicentijevic"

Miloje Vicentijevic, President, CEO and Director

"Carlos Escribano"

Carlos Escribano, CFO and Director

See accompanying notes to the condensed interim financial statements

Avaron Mining Corp.

Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

		Six Months Ended September 30,	
	Note	2024	2023
Cash Flow from Operating Activities			
Net loss for the year		\$ (173,090)	\$ (269,841)
Adjustments for non-cash items:			
Share based payments	7	-	56,075
Changes in non-cash working capital:			
Amounts receivable		(3,861)	(5,150)
Prepaid expenses		14,345	(80,869)
Trade and other payables		3,619	(12,611)
Net cash flows used in operating activities		(158,987)	(312,396)
Cash Flow from Investing Activities			
Additions to exploration and evaluation assets	6	(11,162)	(36,945)
Net cash flows used in investing activities		(11,162)	(36,945)
Cash Flow from Financing Activities			
Net proceeds from common shares issued	7	-	549,900
Net cash flows provided by financing activities		-	549,900
Net change in cash		(170,149)	200,559
Cash, Beginning of Year		376,006	375,379
Cash, End of Year		\$ 205,857	\$ 575,938

See accompanying notes to the condensed interim financial statements

Avaron Mining Corp.

Statement of Changes in Equity

(Unaudited – Expressed in Canadian Dollars)

	Note	Common Shares		Equity		Total
		Number	Amount	Reserves	Deficit	
Balance, March 31, 2023		9,144,000	\$ 619,102	\$ 68,664	\$ (374,235)	\$ 313,531
Shares issued:	7					-
Private placement	7	4,582,497	424,146	125,754	-	549,900
Warrants issued for Exploration and Evaluation Assets	6	-	-	438,867	-	438,867
Share based payments	7	-	-	39,464	-	39,464
Net loss		-	-	-	(456,908)	(456,908)
Balance, March 31, 2024		13,726,497	\$ 1,043,248	\$ 672,749	\$ (831,143)	\$ 884,854
Net loss		-	-	-	(173,090)	(173,090)
Balance, September 30, 2024		13,726,497	\$ 1,043,248	\$ 672,749	\$ (1,004,233)	\$ 711,764

See accompanying notes to the condensed interim financial statements

Avaron Mining Corp.

Notes to the Financial Statements

September 30, 2024

(Unaudited – Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Avaron Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 8, 2021. The Company was a Capital Pool Company (“CPC”), as defined by the TSX Venture Exchange (the “Exchange”) Policy 2.4, until completion of its Qualifying Transaction on June 29, 2023, whereby it acquired the sole and exclusive right to purchase an undivided 100% interest in and to certain mineral mining leases in south-central Serbia known collectively as the Tolisnica and Stanca Property (see Note 6). Subsequent to the completion of its Qualifying Transaction, the Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Effective July 25, 2023, the Company changed its name from Benz Capital Corp. to Avaron Mining Corp. The Company’s shares trade on the TSX Venture Exchange under the symbol “AVR”. The Company’s registered office is located at 3847 Vance Road, Cultus Lake, BC, Canada, V2R 5A6.

While it was a CPC, the Company’s principal business was the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month from its proceeds may be used for general administrative expenses.

These condensed interim financial statements (the “Financial Statements”) have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2024, the Company has no business operations, has not generated any revenues, and has incurred losses of \$1,004,233 since inception. The Company is required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its exploration and evaluation assets. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business. These factors together may raise significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Such adjustments could be material.

2. BASIS OF PRESENTATION

The Financial Statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” following acceptable accounting policies under IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). These Financial Statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2024.

All financial information is reported in the Company’s functional and presentation currency, being the Canadian dollar, unless otherwise noted. These Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing the Financial Statements, the judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended March 31, 2024.

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Notes to the Financial Statements

September 30, 2024

(Unaudited – Expressed in Canadian Dollars)

The Financial Statements were approved by the Board of Directors on November 28, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ended March 31, 2024.

4. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company does not have any externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, amounts receivable, and trade and other payables. The fair value of the financial instruments approximates their carrying values due to the relatively short-term maturity of these instruments, unless otherwise noted. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's amounts receivable consists of Government Sales Tax receivable from Canada Revenue Agency. The carrying amount of financial assets represents the maximum credit exposure.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. As at September 30, 2024, the Company is not exposed to any significant interest rate risk.

c) Foreign exchange risk

Foreign exchange rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in the currencies that differ from the respective functional currency. The Company's exploration and evaluation assets are located in Serbia. Future

Avaron Mining Corp.

Notes to the Financial Statements

September 30, 2024

(Unaudited – Expressed in Canadian Dollars)

exploration programs may be denominated in the Serbian Dinar or Euro. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

d) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company had a cash balance of \$205,857 to settle current liabilities of \$63,037. Additional funding will be required to meet longer-term business objectives.

e) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

6. EXPLORATION AND EVALUATION ASSETS

On January 10, 2023, the Company entered into a Purchase Agreement with Copper Co d.o.o. (the "Vendor"), whereby it was granted the right to acquire a 100% interest (the "Right to Purchase") in certain mineral claims known as the Tolisnica and Stanca Project, located near the city of Kraljevo in the Republic of Serbia (the "Property"). On June 27, 2023, the Company received Exchange approval of the Purchase Agreement (the "Effective Date") and, as a result, completed its Qualifying Transaction on June 29, 2023.

In order to maintain the Right to Purchase until it is exercise, the Company must:

- (a) pay \$25,000 within 5 days of the date of the Effective Date (paid);
 - (b) issue 4,300,000 warrants exercisable at \$0.125 per share exercisable for a period of 5 years, within 5 days of the Effective Date (issued with a fair value of \$438,867 – Note 7); and
 - (c) pay an additional \$100,000 on the 18-month anniversary of the Effective Date.
- (together, the "Purchase Payments")

If the Company makes the Purchase Payments, the Company may exercise its Right to Purchase by giving written notice of such election to the Vendor on or before the 18-month anniversary of the Effective Date.

Following the exercise of the Right to Purchase of the Property, the Company will be required to make milestone payments to the Vendor as follows:

- (a) pay the Vendor \$200,000 in cash within 5 business days of the earlier of: (i) the commencement of a scoping study on the Property; or (ii) the 5th anniversary of the Effective Date; and
- (b) grant the Vendor a 0.5% net smelter returns royalty within 5 business days of the commencement of commercial production on the Property.

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If the Company fails to give notice of its election to exercise its Right to Purchase on or before the 18-month anniversary of the Effective Date, the Company shall be deemed to have irrevocably elected not to exercise its Right to Purchase, the Right to Purchase shall terminate, and the Agreement will terminate, in which case the Vendor shall retain its 100% recorded and leasehold interest in and to the Property.

On June 1, 2024, the Company entered into an amendment to the Purchase Agreement, wherein certain administrative revisions were made, including updating the Company's name to Avaron Mining Corp. and the description of the Property.

The following table reconciles the changes in the Company's exploration and evaluation assets:

Balance at March 31, 2023	\$	-
Acquisition costs		463,867
Exploration costs:		
Studies and reports		23,787
Maintenance costs		8,783
Balance at March 31, 2024	\$	496,437
Exploration costs:		
Maintenance costs		11,162
Balance at September 30, 2024	\$	507,599

7. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value

Issued:

On June 23, 2023, the Company closed a non-brokered private placement of units, consisting of 4,582,497 common shares at a price of \$0.12 per common share and 2,291,248 common share purchase warrants (the "Warrants"), for gross proceeds of \$549,900. Each Warrant entitles the holder to purchase one common share in the capital of the Company (a "Warrant Share") at a price of \$0.15 per Warrant Share until June 23, 2025. If during the term of the Warrants, but after the initial four month hold period has expired, the Company's common shares trade at or above a weighted average trading price of \$0.25 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the Warrants by giving written notice to Warrant holders that the Warrants will expire 30 days from the date of providing such notice. All securities issued pursuant to the private placement are subject to a four-month hold period from the date of issue. Cash proceeds from the private placement of \$424,146 and \$125,754 were allocated to the common shares and warrants issued in the private placement, respectively, based on their relative fair values at the closing date of the private placement. The Company did not pay any agent's commissions or finder's fees in connection with the private placement.

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Escrow Shares:

The Company had 3,600,000 common shares subject to an escrow agreement in accordance with the Exchange Policy 2.4. On June 29, 2023, 25% (900,000 shares) were released upon the issuance of notice of final acceptance of a Qualifying Transaction by the Exchange. A further 25% (900,000 shares) were released on December 29, 2023. On June 29, 2024, 25% (900,000 shares) were released and as at September 30, 2024, the Company has 900,000 common shares held in escrow, which will be released on December 29, 2024.

Warrants:

A summary of changes in share purchase warrants is present below:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2023	-	-
Issued pursuant to non-brokered private placement	2,291,248	0.15
Issued pursuant to the Purchase Agreement (Note 6)	4,300,000	0.125
Balance, March 31 and September 30, 2024	6,591,248	\$ 0.13

Warrants outstanding at September 30, 2024 are as follows:

Number of Warrants Outstanding	Exercise Price (\$)	Expiry Date
2,291,248	0.15	June 23, 2025
4,300,000	0.125	June 29, 2028
6,591,248		

Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and consultants and all other terms and conditions of the options. The Option Plan is subject to regulatory approval.

Stock options outstanding at September 30, 2024 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (yrs)
674,000	674,000	0.10	October 5, 2024	0.01
555,000	555,000	0.10	July 19, 2028	3.80
1,229,000	1,229,000	\$ 0.10		1.72

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(Unaudited – Expressed in Canadian Dollars)

A summary of changes in stock options is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2023	814,000	\$ 0.10
Stock options granted	555,000	0.10
Balance, March 31, 2024	1,369,000	\$ 0.10
Stock options expired	(140,000)	0.10
Balance, September 30, 2024	1,229,000	\$ 0.10
Exercisable, September 30, 2024	1,229,000	\$ 0.10

Agents Options:

Pursuant to the IPO on October 4, 2021, the Company granted to the agent non-transferable options with a fair value of \$23,684 to acquire up to an aggregate of 344,400 common shares. Each Agent's Option is exercisable to acquire one common share at an exercise price of \$0.10 per share until June 29, 2025.

8. RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The remuneration of directors and officers for the six months ended September 30, 2024, and 2023, was as follows:

	Six Months Ended September 30,	
	2024	2023
Management fees to officers and directors	\$ 109,402	\$ 73,350
Share-based payments to officers and directors	-	55,097
	\$ 109,402	\$ 128,447

At September 30, 2024, a balance of \$40,587 was payable to related parties (September 30, 2023 - \$60,679). Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

9. SUBSEQUENT EVENT

Subsequent to the quarter ended September 30, 2024, 674,000 stock options expired unexercised.