

KAPA GOLD INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2024 and 2023

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

The accompanying unaudited condensed interim consolidated financial statements of Kapa Gold Inc. for the interim periods ended September 30, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

November 26, 2024

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

KAPA GOLD INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		183,902	527,451
GST receivable		29,613	20,752
Prepaid expenses and deposits		63,754	29,593
		277,269	577,796
Exploration and evaluation assets	5	2,162,857	2,139,758
Equipment	6	8,450	10,625
Total assets		2,448,576	2,728,179
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7,9	331,958	257,356
Total liabilities		331,958	257,356
SHAREHOLDERS' EQUITY			
Share capital	8(b)	11,047,018	11,047,018
Reserves		521,944	492,195
Deficit		(9,452,344)	(9,068,390)
Total shareholders' equity		2,116,618	2,470,823
Total liabilities and shareholders' equity		2,448,576	2,728,179

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

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

/s/ "David Paxton"
Director

/s/ "Alex Tsakumis"
Director

KAPA GOLD INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

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

		Three months ended		Nine months ended	
	Note	September 30,		September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating expenses					
Consulting fees	9	13,562	39,922	44,538	69,854
Depreciation expense		725	725	2,175	2,175
Insurance expense		8,669	12,901	24,843	29,014
Investor relations	9	14,671	38,998	52,847	141,336
Legal and professional fees	9	7,557	38,561	105,449	181,965
Management fees	9	30,000	30,000	90,000	90,000
Office expense		3,150	24,871	9,368	54,085
Share-based compensation	9	26,344	28,530	29,749	28,530
Transfer agent and exchange fees		5,801	3,336	18,890	17,609
		110,479	217,844	377,859	614,568
Other expenses					
Foreign exchange loss		(2,128)	(958)	(3,626)	(2,492)
Recovery of impairment (impairment) of exploration and evaluation assets	5(b)	4,269	-	(2,469)	-
Loss and comprehensive loss		(108,338)	(218,802)	(383,954)	(617,060)
Loss per share:					
Basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares:					
Basic and diluted		55,810,744	55,810,744	55,810,744	55,791,880

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

KAPA GOLD INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30,	
	2024	2023
	\$	\$
Operating activities:		
Loss and comprehensive loss for the period	(383,954)	(617,060)
Adjustments for:		
Depreciation expense	2,175	2,175
Share-based compensation	29,749	28,530
Unrealized foreign exchange loss	2,537	28
Impairment of exploration and evaluation assets	2,469	-
Changes in non-cash working capital:		
GST receivable	(8,861)	18,354
Prepaid expenses and deposits	(34,161)	(7,720)
Accounts payable and accrued liabilities	59,882	26,189
Cash used in operating activities	(330,164)	(549,504)
Investing activities:		
Blackhawk Property expenditures	(10,916)	(284,171)
Mastodon Nickel Project expenditures	(2,469)	(47,956)
Cash used in investing activities	(13,385)	(332,127)
Change in cash	(343,549)	(881,631)
Cash, beginning of period	527,451	1,548,615
Cash, end of period	183,902	666,984
Supplemental cash flow information:		
Cash income tax paid	-	-
Cash interest expense paid	-	-
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	12,183	18,150

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

KAPA GOLD INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

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

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, December 31, 2022	55,760,744	11,041,518	475,088	(8,297,458)	3,219,148
Shares issued for exploration and evaluation assets	50,000	5,500	-	-	5,500
Share-based compensation	-	-	28,530	-	28,530
Loss and comprehensive loss for the period	-	-	-	(617,060)	(617,060)
Balance, September 30, 2023	55,810,744	11,047,018	503,618	(8,914,518)	2,636,118
Share-based compensation	-	-	(11,423)	-	(11,423)
Loss and comprehensive loss for the period	-	-	-	(153,872)	(153,872)
Balance, December 31, 2023	55,810,744	11,047,018	492,195	(9,068,390)	2,470,823
Share-based compensation	-	-	29,749	-	29,749
Loss and comprehensive loss for the period	-	-	-	(383,954)	(383,954)
Balance, September 30, 2024	55,810,744	11,047,018	521,944	(9,452,344)	2,116,618

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

KAPA GOLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kapa Gold Inc. (the “Company” or “Kapa”) was incorporated under the laws of British Columbia, Canada on January 29, 2018. The Company’s head office and principal address is Suite 1400 - 1199 West Hastings Street, Vancouver, BC, V6E 3T5. The Company is listed on the TSX Venture Exchange (“Exchange”) under the symbol “KAPA.V”. The Company’s principal business activities include the acquisition and exploration of mineral property assets.

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

As at September 30, 2024, the Company had working capital deficiency of \$54,689 (December 31, 2023 - surplus of \$320,440), had not yet achieved profitable operations, and had an accumulated deficit of \$9,452,344 (December 31, 2023 - \$9,068,390). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon the existence and economic recovery of reserves, the ability to finance the development of the properties, and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis, all of which are uncertain. Although the Company has been successful in obtaining financing in the past, there is no assurance that such financing will be available or be available on favorable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These financial statements do not include adjustments to balances and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. Subsequent to September 30, 2024, the Company issued 20,000,000 units for gross proceeds of \$1,000,000 (Note 12).

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on November 26, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2023 and 2022 (the “Annual Financial Statements”).

b) Basis of measurement

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

c) Functional and presentation currency

The financial statements are presented in Canadian dollars (“\$” or “CAD”) which is the functional currency of the Company and its subsidiaries. References to “US\$” are to United States dollars.

d) Basis of consolidation

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

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

2. BASIS OF PRESENTATION (continued)

A summary of the Company and all subsidiaries included in these financial statements as at September 30, 2024 is as follows:

Name of entities	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Quantus Resources Corp.	Canada	100%	CAD	Holding company and head office operations
Kapa Gold Inc.	Canada	100%	CAD	Mineral exploration
Kapa Gold Limited USA Inc.	United States	100%	CAD	Mineral exploration

3. MATERIAL ACCOUNTING POLICIES

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

Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

5. EXPLORATION AND EVALUATION ASSETS

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

	Blackhawk Property	Mastodon Nickel Project	Total
	\$	\$	\$
Balance, December 31, 2022	1,777,266	-	1,777,266
Common shares issued (Note 8(b))	-	5,500	5,500
Option payments	-	25,000	25,000
Exploration and evaluation expenditures:			
Field costs	151,789	21,169	172,958
IP Geophysics	61,780	-	61,780
Legal and insurance	31,158	-	31,158
Mapping and reports	6,040	6,756	12,796
Mining claims	86,767	-	86,767
Property maintenance costs	4,189	-	4,189
Road rehabilitation deposit	6,217	-	6,217
Rock sampling assays	14,552	517	15,069
Impairment of exploration and evaluation assets (Note 5 (b))	-	(58,942)	(58,942)
Balance, December 31, 2023	2,139,758	-	2,139,758
Exploration and evaluation expenditures:			
Field costs	3,093	1,539	4,632
Mapping and reports	-	280	280
Mining claims	8,100	-	8,100
Property maintenance costs	9,736	-	9,736
Rock sampling assays	2,170	650	2,820
Impairment of exploration and evaluation assets (Note 5 (b))	-	(2,469)	(2,469)
Balance, September 30, 2024	2,162,857	-	2,162,857

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history that is characteristic of many mineral property interests.

a) Blackhawk Property

On November 6, 2017, the Company entered into an option agreement to acquire a 100% interest in certain claims, patents and leases which comprise the Blackhawk Property located near the Lucerne Valley in San Bernardino County, California, a natural resource exploration property targeting gold and other metals and minerals.

The Company obtained this option to acquire a 100% interest in the Blackhawk Property from Blackcali Ventures Ltd ("Blackcali"), a related party, via assignment of Blackcali's rights and obligations under a pre-existing agreement that Blackcali had with the vendor of the Blackhawk Property.

During the nine months ended September 30, 2024, the Company capitalized exploration and evaluation expenditures of \$23,099 (2023 - \$273,146) on the property.

b) Mastodon Nickel Project

On February 13, 2023, the Company entered into an option agreement (the "Mastodon Option Agreement") with Mr. Guy Delorme (the "Optionor") to acquire 100% interest in mineral claims located in British Columbia, Canada (the "Mastodon Nickel Project").

On April 4, 2024, management terminated the Mastodon Option Agreement. As a result, the Mastodon Nickel Project was fully impaired at December 31, 2023, resulting in an impairment charge of \$58,942 recorded during the year ended December 31, 2023. During the three and nine months ended September 30, 2024 up to the date of terminating the Mastodon Option Agreement, the Company had a recovery of \$4,269, due to the reversal of an accrual of \$4,269, and expenditures of \$2,469, respectively, of exploration and evaluation costs (2023 - expenditures of \$nil and \$46,331, respectively). Consequently, during the three and nine months ended September 30, 2024 the Company had an impairment reversal of \$4,269 and an impairment charge of \$2,469, respectively (2023 - \$nil and \$nil, respectively).

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

6. EQUIPMENT

A summary of the Company's equipment is as follows:

	Motor vehicles
	\$
Cost	
Balance, September 30, 2024, December 31, 2023 and 2022	14,500
Accumulated depreciation	
Balance, December 31, 2022	975
Depreciation	2,900
Balance, December 31, 2023	3,875
Depreciation	2,175
Balance, September 30, 2024	6,050
Carrying amount	
Balance, December 31, 2023	10,625
Balance, September 30, 2024	8,450

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Trade payables	311,958	216,243
Accrued liabilities	20,000	41,113
	331,958	257,356

8. SHAREHOLDERS' EQUITY**a) Authorized**

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Issued share capital

As at September 30, 2024, there were 55,810,744 issued and fully paid common shares outstanding (December 31, 2023 - 55,810,744).

During the nine months ended September 30, 2024, the Company had no share capital transactions.

During the year ended December 31, 2023, the Company issued 50,000 common shares at \$0.11 per common share with a total fair value of \$5,500 to the Optionor pursuant to the Mastodon Option Agreement (Note 5(b)).

c) Escrow shares

Prior to the reverse take-over ("RTO") on May 19, 2022, the Company had 1,900,000 common shares held in escrow. These escrow shares are subject to timed release over 18 months with the first 25% being released on May 20, 2022 and 25% being released every six months thereafter.

After the completion of the RTO, the Company had additional 5,613,187 common shares held in escrow. These escrowed shares are subject to a timed release in equal tranches over a period of 36 months with 10%, 561,319 common shares being released on May 20, 2022 and the remaining escrowed shares released in equal tranches of 15% every six months thereafter.

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

8. SHAREHOLDERS' EQUITY (continued)

As at September 30, 2024, there were 1,683,956 common shares held in escrow (December 31, 2023 - 2,525,934).

d) Stock options

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

	Number of options outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2022	2,500,000	0.23
Granted	400,000	0.10
Expired	(300,000)	0.10
Balance, December 31, 2023	2,600,000	0.23
Granted	750,000	0.10
Balance, September 30, 2024	3,350,000	0.20

The Company established a stock option plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors, and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares of the Company and are exercisable within a maximum of five years. The Board of Directors has the exclusive power over the granting of stock options, the exercise price, the term, and their vesting and cancellation provisions.

On September 24, 2024, the Company granted 750,000 stock options to officers, directors and consultants with an exercise price of \$0.10 per option. The options are exercisable for a five-year term expiring on September 24, 2029 and all 750,000 options vested immediately. The fair value of the options was determined to be \$26,281 using the Black-Scholes option pricing model.

On July 6, 2023, the Company granted 400,000 stock options to consultants with an exercise price of \$0.10 per option, that expire on July 6, 2028. 100,000 stock options vested immediately with the remaining 300,000 stock options vesting in 4 equal tranches of 75,000 stock options on October 6, 2023, January 6, 2024, April 6, 2024 and July 6, 2024. The fair value of the options was determined to be \$20,575 using the Black-Scholes option pricing model.

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for the stock options granted during the nine months ended September 30, 2024 and the year ended December 31, 2023 is as follows:

	2024	2023
Share price	\$0.05	\$0.07
Exercise price	\$0.10	\$0.10
Expected life	5.00 years	5.00 years
Risk-free interest rate	2.85%	3.58%
Expected volatility	107.20%	118.69%
Expected annual dividend yield	0.00%	0.00%

During the three and nine months ended September 30, 2024, the Company recognized \$26,344 and \$29,749, respectively (2023 - \$28,530 and \$28,530, respectively) of share-based compensation.

A summary of the Company's outstanding and exercisable stock options as at September 30, 2024 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
May 19, 2027	2,200,000	2,200,000	0.25	2.63
July 6, 2028	400,000	400,000	0.10	3.77
September 24, 2029	750,000	750,000	0.10	4.99
	3,350,000	3,350,000	0.20	3.30

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

8. SHAREHOLDERS' EQUITY (continued)**e) Warrants**

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

	Number of warrants outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2022	298,699	0.10
Issued	5,706,600	0.40
Exercised	(298,699)	0.10
Balance, December 31, 2023	5,706,600	0.40
Expired	(84,000)	0.40
Balance, September 30, 2024	5,622,600	0.20⁽¹⁾

(1) On April 8, 2024, the Company received approval from the Exchange to amend the exercise price of the May 2022 Warrants from \$0.40 to \$0.20.

For warrants exercised during the year ended December 2023, the weighted average share price on the date of exercise was \$0.20. There were no warrant exercises during the nine months ended September 30, 2024.

On May 19, 2022, in relation to the private placement of units, the Company issued 5,622,600 warrants (the "May 2022 Warrants"). Each warrant is exercisable for one common share of the Company until May 19, 2024, with an exercise price of \$0.40 per warrant. In connection with the private placement of units, the Company issued 84,000 agent warrants, each of which is exercisable into one common share with exercise price of \$0.40 and expires on May 19, 2024.

On April 8, 2024, the Company received approval from the Exchange to amend the exercise price of the May 2022 Warrants from \$0.40 to \$0.20 and extend the expiry date of the May 2022 Warrants from May 19, 2024 to May 19, 2026.

As at September 30, 2024, there were 5,622,600 warrants outstanding with an exercise price of \$0.20, an expiry date of May 19, 2026 and a remaining life of 1.63 years.

9. RELATED PARTY TRANSACTIONS

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 comprise the Chief Executive Officer, Chief Financial Officer, and Directors of the Company and its subsidiaries. Other related parties are close relatives of key management personnel.

A summary of the Company's transactions with key management personnel and other related parties is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consulting fees	9,939	-	37,315	-
Investor relations	6,000	-	18,000	-
Legal and professional fees ⁽¹⁾	15,375	21,781	64,063	89,339
Management fees	30,000	30,000	90,000	90,000
Share-based compensation	24,592	-	27,997	-
	85,906	51,781	237,375	179,339

(1) Included in legal and professional fees is an accrual reversal of \$23,515 to non-related parties resulting in total legal and professional fees for the three and nine months ended September 30, 2024 of \$7,557 and \$105,499, respectively.

KAPA GOLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

9. RELATED PARTY TRANSACTIONS (continued)

Included in accounts payable and accrued liabilities as at September 30, 2024 is \$151,851 (December 31, 2023 - \$72,806) due to officers, directors, and companies controlled by directors of the Company and its subsidiaries. The amount due to related parties is payable on demand, unsecured and non-interest bearing.

10. CAPITAL MANAGEMENT

The Company defines the capital that it manages as shareholders' equity. The Company manages its capital structure based on the funds available to the Company in order to support the acquisition and exploration of mineral properties. 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 may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends and is not subject to any externally imposed capital restrictions.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity capital market to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it concludes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Although the Company has previously been successful in financing its activities, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be in terms advantageous to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have not been changes to the Company's capital management policy during the nine months ended September 30, 2024.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value information

As at September 30, 2024, the Company's financial instruments consist of cash, deposits and accounts payable and accrued liabilities, and are classified as and measured at amortized cost.

The fair values of cash, deposits and accounts payable and accrued liabilities, approximate their carrying values due to their short term to maturity.

b) Financial risk factors

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract.

The Company is exposed to credit risk through its cash and deposits. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at September 30, 2024, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities.

As the Company's operations do not generate cash, financial liabilities are discharged using funding obtained through the issuance of common shares or debt as required. As at September 30, 2024, the Company anticipates that it will need to raise additional funding in order to continue to fund its exploration and evaluation activities. Subsequent to September 30, 2024, the Company issued 20,000,000 units for gross proceeds of \$1,000,000 (Note 12).

KAPA GOLD INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024 and 2023**

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in US\$.

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

	September 30,	December 31,
	2024	2023
	US\$	US\$
Financial assets		
Cash	2,579	5,526
Financial liabilities		
Accounts payable and accrued liabilities	5,522	11,701
	(2,943)	(6,175)

As at September 30, 2024, a 5% change in the foreign exchange rate would result in an impact of approximately \$199 (December 31, 2023 - \$408) to the Company's loss and comprehensive loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at September 30, 2024.

12. SUBSEQUENT EVENTS

On October 15, 2024, the Company granted 1,200,000 stock options exercisable at \$0.10 per share to certain directors. The options vested immediately and are exercisable for a five-year term expiring on October 15, 2029.

On November 7, 2024, the Company completed a private placement of 20,000,000 units at \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$.10 per share until November 7, 2027. No finder's commissions were paid in connection with this private placement.