

# **KAPA GOLD INC.**

## **Consolidated Financial Statements**

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

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Kapa Gold Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Kapa Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### *Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")*

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$2,179,954 as of December 31, 2024. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each report period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 28, 2025

**KAPA GOLD INC.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

	Note	December 31, 2024	December 31, 2023
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		870,545	527,451
GST receivable		32,980	20,752
Prepaid expenses and deposits		83,908	29,593
		<b>987,433</b>	577,796
Exploration and evaluation assets	5	2,179,954	2,139,758
Equipment	6	7,725	10,625
<b>Total assets</b>		<b>3,175,112</b>	2,728,179
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7,9	246,565	257,356
<b>Total liabilities</b>		<b>246,565</b>	257,356
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8(b)	12,041,133	11,047,018
Reserves	8(d)	573,305	492,195
Deficit		(9,685,891)	(9,068,390)
<b>Total shareholders' equity</b>		<b>2,928,547</b>	2,470,823
<b>Total liabilities and shareholders' equity</b>		<b>3,175,112</b>	2,728,179

Nature of operations and going concern (Note 1)

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

/s/ "David Paxton"  
Director

/s/ "Alex Tsakumis"  
Director

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

**KAPA GOLD INC.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars, except number of shares)

	Note	Years ended December 31,	
		2024	2023
		\$	\$
<b>Operating expenses</b>			
Consulting fees	9	63,202	95,605
Depreciation expense	6	2,900	2,900
Insurance expense		36,234	37,101
Investor relations	9	138,090	143,426
Legal and professional fees	9	87,326	114,944
Management fees	9	158,314	217,426
Office expense		17,068	59,828
Share-based compensation	9,8(d)	81,110	17,107
Transfer agent and exchange fees		20,889	20,031
General expenses		7,454	-
		<b>612,587</b>	<b>708,368</b>
<b>Other expenses</b>			
Foreign exchange loss		(2,445)	(3,622)
Impairment of exploration and evaluation assets	5(b)	(2,469)	(58,942)
<b>Loss and comprehensive loss</b>		<b>(617,501)</b>	<b>(770,932)</b>
<b>Loss per share:</b>			
Basic and diluted		<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares:</b>			
Basic and diluted		<b>58,761,564</b>	<b>55,796,635</b>

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

**KAPA GOLD INC.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

	Years ended December 31,	
	2024	2023
	\$	\$
<b>Operating activities</b>		
Loss and comprehensive loss for the year	(617,501)	(770,932)
Adjustments for:		
Depreciation expense	2,900	2,900
Share-based compensation	81,110	17,107
Unrealized foreign exchange loss	586	55
Impairment of exploration and evaluation assets	2,469	58,942
Changes in non-cash working capital:		
GST receivable	(12,228)	16,118
Prepaid expenses and deposits	(54,315)	5,014
Accounts payable and accrued liabilities	(12,563)	30,873
<b>Cash used in operating activities</b>	<b>(609,542)</b>	<b>(639,923)</b>
<b>Investing activities</b>		
Blackhawk Property expenditures	(34,741)	(345,143)
Mastodon Nickel Project expenditures	(6,738)	(36,098)
<b>Cash used in investing activities</b>	<b>(41,479)</b>	<b>(381,241)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of issuance costs.	994,115	-
<b>Cash provided by financing activities</b>	<b>994,115</b>	<b>-</b>
Change in cash	343,094	(1,021,164)
Cash, beginning of year	527,451	1,548,615
<b>Cash, end of year</b>	<b>870,545</b>	<b>527,451</b>
<b>Supplemental cash flow information</b>		
Cash income tax paid	-	-
Common shares issued for the exploration and evaluation assets	-	5,500
Cash interest expense paid	-	-
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	5,455	51,100

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

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

(Expressed in Canadian dollars, except number of shares)

	<b>Common shares</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total shareholders' equity</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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	-	-	17,107	-	17,107
Loss and comprehensive loss for the year	-	-	-	(770,932)	(770,932)
Balance, December 31, 2023	55,810,744	11,047,018	492,195	(9,068,390)	2,470,823
Units issued in private placement	20,000,000	1,000,000	-	-	1,000,000
Unit issuance costs	-	(5,885)	-	-	(5,885)
Share-based compensation	-	-	81,110	-	81,110
Loss for the year	-	-	-	(617,501)	(617,501)
<b>Balance, December 31, 2024</b>	<b>75,810,744</b>	<b>12,041,133</b>	<b>573,305</b>	<b>(9,685,891)</b>	<b>2,928,547</b>

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

**KAPA GOLD INC.****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2024 and 2023  
(expressed in Canadian dollars, except where noted)**

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**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 consolidated financial statements for the years ended December 31, 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 December 31, 2024, the Company had working capital surplus of \$740,868 (December 31, 2023 - \$320,440), had not yet achieved profitable operations, and had an accumulated deficit of \$9,685,891 (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. Management has concluded that the working capital position of the Company is sufficient to finance continued operations over at least a twelve-month period.

**2. BASIS OF PRESENTATION****a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issuance on April 28, 2025.

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

**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 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. The functional currency is the currency of the primary economic environment in which an entity operates. 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 Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
(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 December 31, 2024 is as follows:

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activity</b>
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

**e) Reclassification of prior year presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the consolidated statements of loss and comprehensive loss to reclassify \$97,426 from legal and professional fees to management fees (Note 9).

**3. MATERIAL ACCOUNTING POLICIES**

**a) Cash**

Cash includes cash on hand and deposits held on call with banks.

**b) Exploration and evaluation costs**

Pre-exploration costs are expensed as incurred. Once the legal right to explore has been acquired, the Company capitalizes on a property-by-property basis, the costs of acquiring, maintaining its interest in, exploring, and evaluating mineral properties until such time as the lease expires or the mineral properties are abandoned, sold, or are considered impaired in value. Costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed as incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

**c) Equipment**

Equipment is stated at historical cost net of accumulated depreciation and impairment losses.

The cost of equipment includes the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

The carrying amount of equipment is depreciated to its estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use. Equipment comprises motor vehicles and is depreciated on a straight-line basis over 5 years.

**d) Financial instruments**

Classification of financial instruments

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

The Company's financial assets comprise of cash and deposits which are classified as and measured at amortized cost.

The Company's financial liabilities comprise of accounts payable and accrued liabilities which is classified as and measured at amortized cost.

**KAPA GOLD INC.****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2024 and 2023  
(expressed in Canadian dollars, except where noted)**

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**3. MATERIAL ACCOUNTING POLICIES (continued)****e) Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued. 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.

**f) Warrants**

Warrants are classified as a component of equity when they meet the definition of equity instruments. Warrants are initially recorded as part of reserves in equity at their fair value. Upon exercise of the warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are allocated to share capital.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on the fair value and then the residual value, if any, to the less easily measurable component.

**g) Foreign currencies**

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historic rates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

**h) Loss per share**

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares issued and outstanding during the year. For all periods presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, when a loss is incurred during the year, diluted and basic loss per share are the same because the effect on loss per share of potential issuance of shares under options and warrants would be antidilutive.

**i) Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **j) Share-based compensation**

The Company adopted a stock option plan and granted options to purchase common shares to the Company's directors, officers, employees, and consultants as consideration for provided services. The Company accounts for these transactions as equity-settled share-based compensation in accordance with IFRS 2 *Share-based payment*. The Company recognizes goods or services received or acquired in a share-based compensation transaction when goods are obtained, or services are received. Goods or services received are recognized as expenses unless they're qualified for recognition as assets. The corresponding entry in the accounting records is the increase in equity. For services received, if the granted options vest immediately, it is presumed that the services have already been received and the full expense is recognized on the grant date. If, however, there are vesting conditions attached to the options granted, the expense is spread over the vesting period.

The amount of share-based compensation expense is deemed to be the fair value of goods or services received. In situations when the value of goods or services cannot be reliably measured, the amount of share-based compensation is determined by using the fair value on grant date of the options granted. The fair value of the options is measured using Black-Scholes option pricing model that requires market-based inputs including stock price, risk-free interest rate, and expected stock return volatility. Changes in these inputs can materially affect the fair value estimate.

#### **k) Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

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

#### **l) Share issuance costs**

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as share issuance costs.

#### **n) Equity instruments**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments.

#### **o) 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. In addition, parties are considered to be related if they are subject to common control or significant influence, 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.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **p) New accounting standards and interpretations adopted**

The Company adopted the following amendments to accounting standards, which are effective for annual 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.

#### **q) Pronouncements issued but not yet effective**

##### IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

##### IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on the financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates 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. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

**KAPA GOLD INC.**

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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)**

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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

**a) Going concern**

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

**b) Valuation of shares issued in non-cash transactions**

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

**c) Recognition of deferred tax**

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

**d) Economic recoverability and probability of future economic benefits of exploration and evaluation assets**

The impairment of exploration and evaluation assets is influenced by judgement in defining a cash-generating unit and determining the indicators of impairment and estimates used to measure impairment losses. The Company is required to measure the recoverable amount of exploration and evaluation assets when there are indicators that their carrying value may be impaired. The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of the assets.

**KAPA GOLD INC.****Notes to the Consolidated Financial Statements  
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A summary of the Company's exploration and evaluation assets is as follows:

	<b>Blackhawk Property</b>	<b>Mastodon Nickel Project</b>	<b>Total</b>
	\$	\$	\$
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)
<b>Balance, December 31, 2023</b>	<b>2,139,758</b>	<b>-</b>	<b>2,139,758</b>
Exploration and evaluation expenditures:			
Field costs	19,812	1,539	21,351
Mapping and reports	-	280	280
Mining claims	8,100	-	8,100
Property maintenance costs	9,788	-	9,788
Rock sampling assays	2,496	650	3,146
Impairment of exploration and evaluation assets (Note 5 (b))	-	(2,469)	(2,469)
<b>Balance, December 31, 2024</b>	<b>2,179,954</b>	<b>-</b>	<b>2,179,954</b>

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.

On May 19, 2022, the Company issued 750,000 common shares at \$0.25 per share to Blackcali for a fair value of \$187,500 in consideration for a 100% interest in the Property.

During the year ended December 31, 2024, the Company capitalized exploration and evaluation expenditures of \$40,196 (2023 - \$362,492) on the Property.

Pursuant to an option agreement dated September 24, 2024, the Company granted MFD Investment Holdings S.A. (the "MFD") the option to acquire a 10% interest in the Blackhawk Property (the "Option Agreement").

Option Agreement

Effective September 24, 2024, the Company entered into the Option Agreement with MFD, whereby the Company granted MFD the option, but not the obligation, to complete certain requirements in return for the acquisition of a 10% interest in the Blackhawk Property (the "Earned Interest").

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In order to exercise the option, before August 1, 2027, MFD must incur US\$1,000,000 in expenditures, which must include a minimum of 600 metres of exploration drilling on the Blackhawk Property, and be related, but not limited to engineering, technical studies, and advisory services for the Blackhawk Property, and will cover all ancillary costs including overhead, travel, and third-party consultant fees and will be subject to approval by the Company.

Furthermore, the Company grants MFD an exclusive, unconditional, and irrevocable right to exercise the Company's right to buy 50% of the existing net smelter returns and gross rock royalty on the project. This right may be exercised by MFD at any time.

Upon the exercise of these two conditions, MFD will become irrevocably entitled to the Earned Interest. In the event that MFD earns the Earned Interest and the Blackhawk Property has not been sold or joint ventured to a third party, a joint venture shall be formed and a formal joint venture agreement will be prepared and executed which shall include the following terms:

	<b>Interest</b>	<b>Deemed expenditures</b>
	%	\$
The Company	90	9,000,000
MFD	10	1,000,000

In addition, subject to approval of the TSXV, the Company will issue common shares to MFD based on permitting milestones and resource-based achievements as follows:

**Permitting Milestones:**

- 500,000 common shares upon obtaining the drilling permit; and
- 5,000,000 common shares upon developing a Permitting Framework, obtaining the Environment Impact Assessment, and Mine Operations Permit. The bonus for the collective Mine Permits shall be contingent on specific, detailed milestones to be defined by the parties at a later date.

**Resource-Based Bonuses:**

Common shares will be awarded for the successful definition and confirmation of mineral resources as defined using *National Instruments 43-101* requirements as follows:

- 1 million ounces of resource: 500,000 common shares;
- 2 million ounces of resource: additional 500,000 common shares for a cumulative total of 1,000,000 common shares;
- 3 million ounces of resource: additional 1,000,000 common shares for a cumulative total of 2,000,000 common shares;
- 4 million ounces of resource: additional 1,500,000 common shares for a cumulative total of 3,500,000 common shares;
- 5 million ounces of resource: additional 2,000,000 common shares for a cumulative total of 5,500,000 common shares; and
- For each additional 1 million ounces of resources beyond 5 million, but not more than 10 million: additional 1,000,000 common shares per million.

As at December 31, 2024, MFD incurred total expenditures of \$298,122 (US\$207,188) (December 31, 2023 - \$nil) and none of the milestones above had been met.

**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 period from January 1, 2024, to the date of terminating the Mastodon Option Agreement, the Company had a net impairment charge of \$2,469.

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**6. EQUIPMENT**

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

	<b>Motor vehicles</b>
	\$
<b>Cost</b>	
<b>Balance, December 31, 2024, 2023 and 2022</b>	<b>14,500</b>
<b>Accumulated depreciation</b>	
Balance, December 31, 2022	975
Depreciation	2,900
Balance, December 31, 2023	3,875
Depreciation	2,900
<b>Balance, December 31, 2024</b>	<b>6,775</b>
<b>Carrying amount</b>	
Balance, December 31, 2023	10,625
<b>Balance, December 31, 2024</b>	<b>7,725</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	<b>December 31, 2024</b>	December 31, 2023
	\$	\$
Trade payables	<b>218,067</b>	216,243
Accrued liabilities	<b>28,498</b>	41,113
	<b>246,565</b>	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 December 31, 2024, there were 75,810,744 issued and fully paid common shares outstanding (December 31, 2023 - 55,810,744).

During the year ended December 31, 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 \$0.10 per share until November 7, 2027. The Company paid \$5,885 in share issuance costs for net proceeds of \$994,115. No finder's commissions were paid in connection with this private placement. On initial recognition, the warrants had a fair value of \$nil.

On April 13, 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.

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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.

During the year ended December 31, 2024, 1,683,956 shares were released from escrow.

As at December 31, 2024, there were 841,978 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	2,150,000	0.10
<b>Balance, December 31, 2024</b>	<b>4,750,000</b>	<b>0.17</b>

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 ten 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 November 15, 2024, the Company granted 200,000 stock options exercisable at \$0.11 per option to a consultant. The options vest immediately and are exercisable for a two-year term expiring on November 15, 2026. The fair value of the options was determined to be \$19,148 using the Black-Scholes option pricing model.

On October 15, 2024, the Company granted 1,200,000 stock options exercisable at \$0.10 per option to certain directors. The options vest immediately and are exercisable for a five-year term expiring on October 15, 2029. The fair value of the options was determined to be \$32,214 using the Black-Scholes option pricing model.

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 vest immediately and are exercisable for a five-year term expiring on September 24, 2029. 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 vest 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 years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Share price	\$0.05	\$0.07
Exercise price	\$0.10	\$0.10
Expected life	4.72 years	5.00 years
Risk-free interest rate	2.98%	3.58%
Expected volatility	107.29%	118.69%
Expected annual dividend yield	0.00%	0.00%

During the year ended December 31, 2024, the weighted average fair value per option granted was \$0.04 (2023 - \$0.05).

**KAPA GOLD INC.****Notes to the Consolidated Financial Statements  
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During the year ended December 31, 2024, the Company recognized \$81,110 (December 31, 2023 - \$17,107) of share-based compensation.

A summary of the Company's outstanding and exercisable stock options as at December 31, 2024 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
November 15, 2026	200,000	200,000	0.11	1.87
May 19, 2027	2,200,000	2,200,000	0.25	2.38
July 6, 2028	400,000	400,000	0.10	3.52
September 24, 2029	750,000	750,000	0.10	4.73
October 15, 2029	1,200,000	1,200,000	0.10	4.79
	<b>4,750,000</b>	<b>4,750,000</b>	<b>0.17</b>	<b>3.44</b>

**e) Warrants**

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

	Number of warrants outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2023 and 2022	5,706,600	0.40
Issued	20,000,000	0.10
Expired	(84,000)	0.40
<b>Balance, December 31, 2024</b>	<b>25,622,600</b>	<b>0.12</b>

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 \$0.10 per share until November 7, 2027. No finder's commissions were paid in connection with this private placement. On initial recognition, the warrants had a fair value of \$nil.

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. 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. On May 19, 2024, the agent warrants expired.

As at December 31, 2024 there were 25,622,600 warrants outstanding with a weighted average exercise price of \$0.12, and a weighted average remaining life of 2.53 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.

The Company's related parties include directors, key management personnel of the Company, including the Chief Executive Officer and Chief Financial Officer and their close family members.

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**9. RELATED PARTY TRANSACTIONS (continued)**

A summary of the Company's related party transactions for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
	\$	\$
Consulting fees	59,602	39,812
Investor relations	24,000	-
Legal and professional fees	-	22,100
Management fees	158,314	217,426
Share-based compensation	60,211	-
	<b>302,127</b>	<b>279,338</b>

Included in accounts payable and accrued liabilities as at December 31, 2024 is \$80,505 (December 31, 2023 - \$72,806) due to officers, directors, and companies controlled by directors and officers 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 property in which the Company currently has an interest is 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.

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 year ended December 31, 2024.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**a) Fair value information**

As at December 31, 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 December 31, 2024 the Company is not exposed to significant credit risk.

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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 December 31, 2024, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations and, therefore, the Company has assessed its liquidity risk as minimal.

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:

	<b>December 31, 2024</b>	December 31, 2023
	<b>US\$</b>	US\$
<b>Financial assets</b>		
Cash	<b>9,154</b>	5,526
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	<b>3,459</b>	11,701
	<b>5,695</b>	(6,175)

As at December 31, 2024, a 5% change in the foreign exchange rate would result in an impact of approximately US\$285 (December 31, 2023 - US\$309) 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 does not hold any financial instruments with variable interest rates other than cash and, therefore, is not exposed to significant interest rate risk as at December 31, 2024.

**12. INCOME TAX**

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2024 and 2023, is as follows:

	<b>2024</b>	2023
	<b>\$</b>	\$
Loss for the year	<b>(617,501)</b>	(770,932)
Income tax recovery at statutory rates	<b>(167,000)</b>	(208,000)
Non-deductible expenditures and non-taxable revenues	<b>23,000</b>	5,000
Change due to differences in tax rates	<b>(1,000)</b>	1,000
Share issuance costs	<b>(2,000)</b>	-
Adjustment to prior years provision versus statutory tax returns	<b>(38,000)</b>	(89,000)
Temporary differences originated in the year	<b>(2,000)</b>	-
Change in unrecognized deductible temporary differences	<b>187,000</b>	291,000
Income tax expense	<b>-</b>	-

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**12. INCOME TAX (continued)**

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	<b>December 31, 2024</b>	December 31, 2023
	<b>\$</b>	<b>\$</b>
Share issue costs	<b>7,000</b>	11,000
Intangible assets	<b>70,000</b>	66,000
Exploration and evaluation asset	<b>91,000</b>	92,000
Non-capital losses available for future period	<b>1,312,000</b>	1,124,000
<b>Unrecognized deferred tax assets</b>	<b>1,480,000</b>	1,293,000

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. A summary of the Company's unrecognized deductible temporary differences is as follows:

	<b>December 31, 2024</b>	<b>Expiry date range</b>	December 31, 2023	Expiry date range
	<b>\$</b>		<b>\$</b>	
Share issue costs	<b>27,000</b>	<b>2045 to 2048</b>	42,000	2044 to 2047
Non-capital losses available for future period	<b>2,782,000</b>	<b>See below</b>	4,165,000	See below
Intangible assets	<b>259,000</b>	<b>No expiry date</b>	246,000	No expiry date
Exploration and evaluation asset	<b>2,326,000</b>	<b>No expiry date</b>	339,000	No expiry date
Foreign exchange	<b>1,000</b>	<b>No expiry date</b>	-	No expiry date
	<b>5,395,000</b>		4,792,000	

As at December 31, 2024, the Company has \$2,678,000 (December 31, 2023 - 4,150,000) of Canadian non-capital income tax losses (unrecognized) which will expire over 2042 to 2045 (December 31, 2023 - expire over 2032 to 2043) and \$104,000 (December 31, 2023 - \$15,000) of the United States of America non-capital income tax losses (unrecognized) which will carry forward indefinitely.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward years to utilize all deferred tax assets.