

**JZR GOLD INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JZR Gold Inc.:

### *Opinion*

We have audited the financial statements of JZR Gold Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2024 and 2023, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which describes conditions indicating 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 financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the 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 of our auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for mineral properties and deferred exploration costs</i>	
Refer to note 4	Our approach to addressing the matter involved the following procedures, among others:
<p>As at June 30, 2024, the carrying amount of the Company's mineral properties and deferred exploration costs were \$792,780.</p> <p>At each reporting period, management assesses mineral properties and deferred exploration costs to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses mineral properties and deferred exploration costs for indicators of impairment based on, at minimum, the presence of any one of the following indicators:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>No impairment indicators were identified by management as at June 30, 2024.</p> <p>We considered this a key audit matter due to the significance of the mineral properties and deferred exploration costs and the judgments made by management in their assessment of impairment indicators related to the mineral properties and deferred exploration costs. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in determining the impairment indicators, which included the following:</p> <ul style="list-style-type: none"> <li>• Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.</li> <li>• Read the board of directors' minutes and resolutions, and obtained evidence supporting the continued and planned exploration expenditures, which included evaluating results of the Company's work programs.</li> <li>• Assessed whether available data indicates the potential for commercially viable mineral resources.</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for the intangible asset</i>	
Refer to note 5	Our approach to addressing the matter involved the following procedures, among others:
<p>As at June 30, 2024, the carrying amount of the Company's intangible asset was \$11,294,171.</p> <p>Intangible assets that are not yet available for use are tested for impairment annually or more frequently whenever there are indicators of impairment. Management has performed its annual impairment test for the intangible asset as at June 30, 2024.</p> <p>The recoverable amount for the intangible asset was based on value in use using a discounted cash flow model. The significant assumptions applied by management in determining value in use included the revenue projections, period of cash flows and a discount rate. The recoverable amount of the intangible asset exceeded its carrying amount and accordingly, no impairment was recognized.</p> <p>We considered this a key audit matter due to the significance of the intangible asset and the judgments made by management in determining the recoverable amount, including the use of assumptions. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.</p>	<p>Evaluated how management determined the recoverable amount of the intangible asset, which included the following procedures:</p> <ul style="list-style-type: none"> <li>• Tested the appropriateness of the value in use method used and the mathematical accuracy of the discounted cash flow model.</li> <li>• Tested the reasonableness of the estimated cash flows by considering the terms of the underlying agreement, information from studies commissioned and the budget approved by management.</li> <li>• Tested the underlying data used in the discounted cash flow model.</li> <li>• Performed sensitivity analysis on the inputs used in the discounted cash flow model to determine the impact on the value in use calculations.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
October 28, 2024

**JZR GOLD INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
As at June 30,  
(Expressed in Canadian Dollars)

	Note	2024	2023
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$	135,648	\$ 166,753
Accounts receivable		2,622	8,475
Prepaid expenses		61,164	67,112
<b>Total current assets</b>		<b>199,434</b>	242,340
Security deposits		33,500	33,500
Loan receivable	4	44,660	39,667
Mineral properties and deferred exploration costs	4	789,469	693,011
Intangible asset	5	11,294,171	10,427,956
<b>Total assets</b>	<b>\$</b>	<b>12,361,234</b>	<b>\$ 11,436,474</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6	\$ 841,600	\$ 830,536
Due to related parties	6	233,429	31,317
Loan payable	7	861,629	968,584
<b>Total liabilities</b>		<b>1,936,658</b>	1,830,437
<b>Shareholders' equity</b>			
Share capital	8	18,981,842	17,277,535
Reserves	8	2,211,668	2,026,688
Subscriptions receivable	8	(70,566)	(109,651)
Deficit		(10,698,368)	(9,588,535)
		<b>10,424,576</b>	9,606,037
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>12,361,234</b>	<b>\$ 11,436,474</b>

**Nature and continuance of operations and going concern** (Note 1)  
**Subsequent events** (Note 14)

**Approved and authorized on behalf of the Board:**

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*"Rob Klenk"* Director \_\_\_\_\_ *"Graham Carter"* Director

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

**JZR GOLD INC.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the Years Ended June 30,  
(Expressed in Canadian Dollars)

	2024	2023
<b>EXPENSES</b>		
Consulting fees	\$ 323,661	\$ 463,966
Filing fees	6,108	19,803
Interest and charges	261,531	180,339
Office and miscellaneous	102,508	116,909
Professional fees	170,997	218,923
Share-based compensation	187,087	394,823
Transfer agent fees	38,831	42,126
<b>Total general and administrative expenses</b>	<b>1,090,723</b>	1,436,889
Accretion expense	-	286,432
Impairment of mineral properties and deferred exploration costs	-	1
Gain on extinguishment of accounts payable	-	(485,691)
Settlement of litigation	56,488	-
Loss on sale of mineral property rights	-	84,046
Interest revenue	(5,080)	(1,354)
<b>Loss and comprehensive loss before income tax</b>	<b>(1,142,131)</b>	(1,320,323)
Income tax recovery	32,298	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (1,109,833)</b>	<b>\$ (1,320,323)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>42,089,523</b>	30,802,797

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

**JZR GOLD INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the years ended June 30, 2024 and 2023  
(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Subscriptions Receivable	Share-based Payment Reserve	Warrant Reserve	Equity Portion of Convertible Debentures	Deficit	Total
<b>Balance, June 30, 2022</b>		<b>28,567,266</b>	<b>\$ 13,171,433</b>	<b>\$ (90,651)</b>	<b>\$ 1,433,900</b>	<b>\$ 171,944</b>	<b>\$ 417,686</b>	<b>\$ (8,268,212)</b>	<b>\$ 6,836,100</b>
Units issued in private placement	9	2,610,018	1,571,632	(19,000)	-	81,130	-	-	1,633,762
Share issuance costs	9	-	(6,825)	-	-	-	-	-	(6,825)
Equity portion of convertible debenture		-	417,686	-	-	-	(417,686)	-	-
Shares issued on conversion of convertible debenture		6,583,333	1,975,000	-	-	-	-	-	1,975,000
Broker warrants in connection with private placement	9	-	(2,013)	-	-	2,013	-	-	-
Expiry of broker warrants	9	-	26,118	-	-	(26,118)	-	-	-
Share-based compensation	9	-	-	-	394,823	-	-	-	394,823
Exercise of options	9	250,000	118,504	-	(31,004)	-	-	-	87,500
Exercise of warrants	9	20,000	6,000	-	-	-	-	-	6,000
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(1,320,323)	(1,320,323)
<b>Balance, June 30, 2023</b>		<b>38,030,617</b>	<b>\$ 17,277,535</b>	<b>\$ (109,651)</b>	<b>\$ 1,797,719</b>	<b>\$ 228,969</b>	<b>\$ -</b>	<b>\$ (9,588,535)</b>	<b>\$ 9,606,037</b>
Units issued in private placement	9	9,302,666	1,565,400	39,085	-	-	-	-	1,604,485
Share issuance costs	9	-	(7,200)	-	-	-	-	-	(7,200)
Bonus shares issued in connection with short term loans	8,9	300,000	144,000	-	-	-	-	-	144,000
Broker warrants in connection with private placement	9	-	4,120	-	-	(4,120)	-	-	-
Expiry of broker warrants	9	-	(2,013)	-	-	2,013	-	-	-
Share-based compensation	9	-	-	-	187,087	-	-	-	187,087
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(1,109,833)	(1,109,833)
<b>Balance, June 30, 2024</b>		<b>47,633,283</b>	<b>\$ 18,981,842</b>	<b>\$ (70,566)</b>	<b>\$ 1,984,806</b>	<b>\$ 226,862</b>	<b>\$ -</b>	<b>\$ (10,698,368)</b>	<b>\$ 10,424,576</b>

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

**JZR GOLD INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30,  
(Expressed in Canadian Dollars)

	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,109,833)	\$ (1,320,323)
Items not affecting cash and cash equivalents:		
Accretion expenses	134,926	286,432
Accrued interest	26,117	169,546
Gain on extinguishment of accounts payable	-	(485,691)
Impairment of mineral properties and deferred exploration costs	-	1
Share based compensation	187,087	394,823
Accrued interest revenue	(4,993)	(1,263)
Loss on sale of mineral property rights	-	84,046
Changes in non-cash and cash equivalents working capital items:		
Increase in amounts receivable	5,853	3,558
Increase in prepaid expenses	5,948	(19,013)
Decrease in due to related parties	202,112	14,273
Decrease in accounts payable and accrued liabilities	11,064	53,713
Net cash and cash equivalents used in operating activities	<b>(541,719)</b>	<b>(819,898)</b>
<b>INVESTING ACTIVITIES</b>		
Mineral property, rights, and deferred exploration costs, net of recoveries	(96,458)	(96,001)
Acquisition of mineral properties	-	(68,520)
Sale of mineral properties	-	50,018
Payment made for deferred acquisition of net profit interests	(866,215)	(1,881,082)
Net cash and cash equivalents used in investing activities	<b>(962,673)</b>	<b>(1,995,585)</b>
<b>FINANCING ACTIVITIES</b>		
Funds received on issuance of common shares net of issuance costs	1,597,287	1,626,937
Funds received on exercise of warrants	-	6,000
Funds received on exercise of options	-	87,500
Interest paid on convertible debt	-	(160,437)
Funds received on loans	35,000	964,000
Repayments on loans	(159,000)	-
Net cash and cash equivalents provided by financing activities	<b>1,473,287</b>	<b>2,524,000</b>
<b>Change in cash and cash equivalents during the year</b>	<b>(31,105)</b>	<b>(291,484)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>166,753</b>	<b>458,237</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 135,648</b>	<b>\$ 166,753</b>

**Supplemental disclosure with respect to cash flows (Note 11)**

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

JZR Gold Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of the exploration and development of mineral properties. The Company’s principal place of business, head office and records office is located at 404 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The Company’s common shares are listed on the TSX Venture Exchange with the symbol “JZR.V”.

The Company is in the process of exploring and developing its mineral properties and rights and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

### Going concern of operations

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at the current reporting period, the Company does not have sufficient cash resources to meet its obligations for the next twelve months of operations.

Management is actively targeting sources of additional financing from investors, shareholders and through alliances with financial entities, and is considering issuances of debt or equity or other business and financial transactions which would assure continuation of the Company’s operations. To the extent financing is not available, working capital commitments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. Management is closely monitoring economic trends, global financial conditions, and the equity markets to determine the appropriate course of action to be taken by the Company.

The Company has incurred a loss of \$1,109,833 for the year ended June 30, 2024 (2023 - \$1,320,323), with an accumulated deficit of \$10,698,368 (2023 - \$9,588,535) and had a working capital deficiency of \$1,737,224 (2023 - \$1,588,097). Although it has been successful to date, there can be no assurance that the Company will be able to raise the funds necessary to continue future operations and commitments. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position.

**1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN (cont'd...)**

*Going concern of operations (cont'd...)*

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations, such adjustments could be material. These conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of compliance**

These financial statements, including comparative periods, have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These financial statements are prepared using IFRSs in effect as at June 30, 2024. Material accounting policy information and the applicable basis of measurement used in the preparation of these financial statements are described in Note 3.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized for issuance by the Board of Directors on October 28, 2024.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The following accounting policies are those policies which the Company has adopted for its financial statements for the year ended June 30, 2024. These policies have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

**Foreign currency translation**

The Company's presentation currency is the Canadian dollar. Foreign currency transactions are translated into the Company's functional currency (the Canadian dollar) at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

#### **Mineral properties and deferred exploration costs**

The Company's accounting policy for mineral property costs is dependent on the stage of the properties to which the costs relate. All capitalized costs are attributed to the individual mineral properties to which they relate, known as cash generating units ("CGUs") which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and includes most liabilities specific to the CGU.

#### *Acquisition costs*

All costs incurred to acquire or maintain mineral property rights are capitalized to the relevant CGU. These costs are not depleted until the CGU reaches production.

#### *Exploration and evaluation costs*

Costs related to the exploration and evaluation of properties for which no technically or economically feasible reserves have been established are capitalized to the relevant CGU in the period incurred. The Company determines that technical and economic feasibility exists when:

- a feasibility study, prepared in accordance with professional geological standards, defines a proven mineral reserve body;
- the Company intends to recover the mineral reserves through mining activity or sale of mineral rights; and
- the Company has sufficient financing available to develop and operate a mine or to market the mineral rights.

Exploration and evaluation assets are reviewed for indicators of impairment at each reporting date. An indicator of impairment exists if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures. If there is an indication of impairment, and the Company determines the recoverable amount of the specific exploration and evaluation asset as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation assets, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

Exploration and evaluation costs are classified as intangible assets.

#### *Development costs*

When technical and economic feasibility exists for a certain CGU, all costs incurred to further prepare and develop a mine, or to ready the reserve rights for sale, are capitalized. Such costs may include interest on debt financing required to construct a mine or general and overhead expenses that are directly attributable to the CGU. These capitalized costs are not subject to depletion until such time as the mine is ready for production or the mineral rights are saleable, at which point they are depleted on a unit-of-production basis over the estimated recoverable reserves of each CGU.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**  
**Mineral properties and deferred exploration costs (cont'd)**

*Post-development costs*

After a mine is ready for production or mineral reserves are saleable, all costs, including interest on related debt and general and administrative costs are expensed in the period incurred unless they relate to an extension of mineral reserves or a significant improvement in mining operations. In these instances, the expenditures related to the betterment are capitalized and are depleted on a unit-of-production basis over the remaining recoverable reserves.

**Intangible asset**

The intangible asset consists of the Company's interest in a royalty agreement with a third party with respect to the Vila Nova gold project, which is a mine in the development phase. The Company has the right to acquire 50% of the net profits interest in the Vila Nova property. As at June 30, 2024 and 2023, the intangible asset was not yet available for use and accordingly, no amortization has been recognized for the years then ended.

**Impairment (and reversals of impairment) of non-current assets**

The Company reviews and tests the carrying amounts of its intangible assets with finite lives when an indicator of impairment is considered to exist. An intangible asset that is not yet available for use is tested for impairment annually. Impairment assessments on intangible assets are conducted at the level of the CGU.

The recoverable amount of a CGU is the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). An impairment loss is recognized for any excess of the carrying amount of a CGU over its recoverable amount where both the recoverable amount and carrying value include the associated other assets and liabilities, including taxes where applicable, of the CGU. Where it is not appropriate to allocate the loss to a separate asset, an impairment loss related to a CGU is allocated to the carrying amount of the assets of the CGU on a pro rata basis based on the carrying amount of its non-monetary assets.

*Impairment reversal*

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. This reversal is recognized in profit or loss and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD.

**Reclamation provision**

The Company recognizes a provision for environmental reclamation of its mineral properties in the period in which the Company becomes legally or constructively liable for future reclamation expenditures. The reclamation provision is initially measured at the present value of future expected reclamation cash flows, discounted using the risk-free interest rate prevailing at the time the liability is incurred, and a corresponding amount is recorded in the carrying value of the related mineral property.

Subsequent to initial measurement, the provision is re-measured using the risk-free interest rate prevailing on each reporting date. Changes to the carrying value of the provision for changes to the discount rate, or for changes to the timing and amount of expected future reclamation cash flows are recorded as an adjustment to the carrying value of the related mineral property. Changes to the carrying value of the provision from the accretion of its discounted value are recorded within profit or loss.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

#### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options 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.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the date of the grant. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

#### **Flow-through shares**

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period before a 10% penalty tax applies on any unspent amount that has been renounced.

#### **Financial instruments**

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs are expensed for financial assets and liabilities measured at FVTPL.

#### *Financial assets*

Financial assets are subsequently classified and measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or FVTPL. 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. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

i) *Amortized cost* - These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment charges are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

ii) *FVOCI* – these financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

iii) *FVTPL* - any financial assets that are not held in one of the two business models mentioned above are measured at *FVTPL*. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

The Company's financial assets are comprised of cash and cash equivalents, security deposits and loan receivable. Cash and cash equivalents are classified at *FVTPL* and security deposits and loan receivable are measured at amortized cost. When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

*Financial liabilities*

All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at *FVTPL*. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Financial liabilities classified as at amortized cost, are measured in subsequent periods using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties, and loans payable. The Company classifies all of its financial liabilities at amortized cost.

*Impairment*

The Company has a three-stage expected credit loss model for calculating impairment for financial assets. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

**Government subsidies**

Government assistance is recorded as a reduction of the cost of the applicable assets as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

#### **(Loss) earnings per share**

Basic (loss) earnings per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the dilutive effect of options, warrants and other convertible instruments. Under this method, the dilutive effect on earnings per share reflects the assumption that the proceeds from the exercise of options, warrants and other convertible instruments are used to purchase and cancel common shares at the average market price during the period. In periods that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

#### **Current and deferred taxes**

Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted on the statement of financial position date.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in profit or loss or equity, as the case may be, in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Share-based compensation**

The Company recognizes a share-based compensation charge in operations for stock options granted to employees, officers and directors of the Company. The share-based compensation charge is based on the fair value of option awards granted, measured using the Black-Scholes option pricing model at the date of issue. The fair value of stock options granted is amortized to expense on a graded basis over the vesting periods of the option granted with an off-setting amount recorded in reserve.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Where share options or warrants expire or are cancelled, the fair value previously recognized is transferred from the applicable equity reserve to accumulated deficit.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

#### **Judgments, estimates and measurement uncertainty**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results may differ from these expectations and the corresponding amounts and disclosures reported in these financial statements.

Areas where management is required to make significant estimations or where measurements are uncertain are as follows:

i) *Mineral properties and deferred exploration costs*

The impairment of mineral properties and deferred exploration costs are based on various judgments and estimates. These include the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves, future mineral prices, and operating and capital expenditures for the properties.

ii) *Share-based compensation*

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. This model requires management to estimate the volatility of the Company's future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the share-based compensation expense reported.

iii) *Intangible asset*

The impairment of the intangible asset is based on various judgments and estimates. These include the assessment of impairment indicators and the estimates in determining the recoverable amount based on value in use applying a discounted cash flow model with the following assumptions: revenue projections, period of cash flows and a discount rate.

#### **Accounting standards, amendments, and interpretations**

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

The Company owned two mineral properties: the Teddy Glacier Property and the Spider Property which are both located in the Province of British Columbia (“B.C.”). The Teddy Glacier Property is located in the Revelstoke Mining Division in B.C., comprising of claims that are 100% owned by the Company. The Spider Property is comprised of certain Crown granted mineral claims and several land lots in fee simple within the township of Camborne, B.C.

During the year ending June 30, 2024, the Company reacquired multiple lots in connection with the Spider Property for cash consideration of \$3,312.

During the years ended June 30, 2023 the Company relinquished its remaining claims on its Teddy Glacier properties and recorded an impairment of \$1.

The following table summarizes mineral rights and property costs, by property:

	Teddy Glacier	Spider	Total
<b>Balance, June 30, 2022</b>	<b>\$ 1</b>	<b>\$ 700,958</b>	<b>\$ 700,959</b>
Acquisition costs	-	67,407	67,407
Property taxes	-	1,113	1,113
Sale of mineral properties	-	(172,468)	(172,468)
Site exploration	-	96,001	96,001
Impairment	(1)	-	(1)
<b>Balance, June 30, 2023</b>	<b>-</b>	<b>693,011</b>	<b>693,011</b>
Property taxes	-	458	458
Site exploration	-	96,000	96,000
<b>Balance, June 30, 2024</b>	<b>\$ -</b>	<b>\$ 789,469</b>	<b>\$ 789,469</b>

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for uncertainties arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated titles to all of its mineral properties and, to the best of its knowledge, the titles to all of the Company’s properties are in good standing. Site exploration costs consists of consulting fees paid to related and third-party service providers.

**5. INTANGIBLE ASSET**

On January 20, 2021, the Company acquired from a third party, its interest in a JV Royalty Agreement dated July 6, 2020 (“JVRA”) with Eco Mining Oil & Gaz Drilling and Exploration EIRELI (“Eco”) with respect to the Vila Nova gold project, which is mine in the development phase located in Amapa, Brazil. The Company acquired the right to acquire the JVRA for the Vila Nova property from a third party through issuance of 5,125,000 common shares valued at \$1,981,000.

Pursuant to a purchase and sale agreement, the Company acquired a 100% interest in the JVRA, wherein the Company shall have the option and right to acquire a 50% net profits interest in the Vila Nova property. Pursuant to the terms of the JVRA, in order to exercise the option and acquire the rights thereunder, the Company must make the following payments to Eco, subject to satisfactory project assessment prior to each stage of funding:

- an initial payment of USD\$500,000 to fund the 2,000 m drilling program and related costs needed to complete the business plan to construct a 1,280 t/d bulk exploitation program on the Vila Nova property (payment made by third party prior to acquisition of the JVRA);
- a second payment of USD\$500,000 (paid); and
- a final payment of up to USD\$5,000,000 (paid).

As of June 30, 2024, \$9,313,172 (\$6,940,339 USD) had been paid to Eco in relation to the payments for the option and acquisition of the net profits interest. If exercised and all payments are made, the Company shall receive a 50% net profits interest from all products and minerals produced from the Vila Nova property and exclusive rights to explore and develop the property, including initiating and carrying out commercial production. Eco will remain the sole operator of all mining-related activity on the property, including environmental remediation. In the event the JVRA is terminated, the cash amounts advanced will convert into a 2 year term loan with interest bearing 6% per annum.

The following table summarizes the net carrying amount of the intangible asset:

	<b>Vila Nova</b>
<b>Balance, June 30, 2022</b>	<b>\$ 8,546,874</b>
Option and acquisition payments made	1,881,082
<b>Balance, June 30, 2023</b>	<b>\$ 10,427,956</b>
Option and acquisition payments made	866,215
<b>Balance, June 30, 2024</b>	<b>\$ 11,294,171</b>

As the intangible asset was not yet available for use, management has performed its annual impairment test for the intangible asset at the end of the reporting as at June 30, 2024. The recoverable amount for the intangible asset was based on value in use using a discounted cash flow model. The significant assumptions applied by management in determining value in use included revenue projections and projected cash flows based on financial budgets approved by management over a period of 5 years and a pre-tax discount rate of 20%.

The recoverable amount of the intangible asset exceeded its carrying amount and accordingly, no impairment was recognized as at June 30, 2024.

**6. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. Related parties are defined as key management personnel as well as any companies that are controlled by Officers or Directors of the Company. During the years ended June 30, 2024 and 2023, the Company paid or accrued wages and recognized share-based compensation to key management personnel in the following manner:

	<b>For the year ended</b>		<b>For the year ended June</b>
	<b>June 30,</b>		<b>30,</b>
	<b>2024</b>		<b>2023</b>
Short-term employee benefits	\$ 350,000	\$	218,500
Share-based compensation	161,270		236,132
	<b>\$ 511,270</b>	\$	<b>454,632</b>
Recorded as:			
Consulting fees	\$ 254,000	\$	122,500
Share-based compensation	161,270		236,132
Site exploration costs	96,000		96,000
	<b>\$ 511,270</b>	\$	<b>454,632</b>
Options issued	<b>nil</b>		<b>200,000</b>

As at June 30, 2024, included in accounts payable and accrued liabilities was:

- \$74,929 (2023 - \$817) was owed for corporate expenses to the President of the Company; and
- \$53,500 (2023 - \$30,500) was owed for professional fees to a company controlled by the Chief Financial Officer; and;
- \$105,000 (2023 - \$nil) was owed for consulting fees to a company controlled by a director of the Company.

During the year ended June 30, 2024, the Company also repaid \$48,000 of related party loans made by the CEO of the Company.

All amounts remaining owing to related parties are non-interest bearing and have no fixed terms of repayment.

As at June 30, 2024, \$433,182 (2023 - \$433,182) was owing to a former President of the Company and \$153,560 (2023- \$147,072) was owed to a company owned by the former President of the Company. The outstanding balances remain in accounts payable as at June 30, 2024.

During the year ended June 30, 2018, the Company received notice of a claim filed by the former President of the Company seeking to collect the outstanding balances as well as additional interest and other charges in the amount of \$1,047,615. During the year ended June 30, 2023, the claim was successful resulting in an extinguishment of accounts payable of \$485,691.

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**7. LOAN PAYABLE**

During the year ended June 30, 2023, the Company entered into multiple loan agreements with third parties for \$1,000,000 of which \$35,000 (2023 - \$964,000) was received in the year ended June 30, 2024. The loans bear interest at 12% per annum, are unsecured, have a one-year term and are due on maturity. The following table summarizes the items recorded in relation to the loan payable:

Balance, June 30, 2022	\$	-
Loan advances received		964,000
Interest accrued		9,584
Interest paid		(5,000)
Balance, June 30, 2023	\$	968,584
Loan advances received		35,000
Loan repayments		(159,000)
Interest accrued		123,985
Fair value of bonus shares issued (Note 8)		(144,000)
Bonus share accretion		134,926
Interest paid		(97,866)
<b>Balance, June 30, 2024</b>	<b>\$</b>	<b>861,629</b>

**8. SHARE CAPITAL**

Authorized unlimited common voting shares, no par value.

**Issued**

During the year ended June 30, 2024, the Company:

- Issued 300,000 bonus common shares in relation to the loan payable (Note 7) at a fair value of \$144,000;
- Issued 4,000,000 units at a price of \$0.20 per share for total proceeds of \$800,000 by way of a private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.40 per share for a period of 2 years after the date of issuance. No portion of the proceeds was allocated to warrants under the residual value method;
- Issued 5,362,666 units at a price of \$0.15 per share for total proceeds of \$804,400 by way of a private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.25 per share for a period of 9 months after the date of issuance. No portion of the proceeds was allocated to warrants under the residual value method; and,
- Returned 60,000 units at a price of \$0.65 per share from a prior year issuance for total proceeds of \$39,000.

## 8. SHARE CAPITAL (cont'd...)

During the year ended June 30, 2023 the Company issued:

- 1,735,017 of units were issued at a price of \$0.65 per share for total proceeds of \$1,127,760 by way of a private placement. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.80 per share for a period of 12 months after the closing of the private placement, whereby the expiry date of the warrants may be accelerated in the event the daily trading price of the shares equals or exceeds \$1.20 for 15 consecutive trading days;
- 875,001 of units were issued at a price of \$0.60 per share for total proceeds of \$525,001 by way of a private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.90 per share for a period of 18 months after the date of issuance; and
- \$81,130 was allocated to warrant reserves under residual method.

In addition, for the year ended June 30, 2023, the Company also issued:

- 250,000 of common shares with a trading price of \$0.67 by way of option exercise at a price of \$0.35 per share for total proceeds of \$87,500;
- 6,583,333 of common shares by way of convertible debenture exercise at a price of \$0.30 per share for total proceeds of \$1,975,000; and
- 20,000 common shares with a weighted average trading price of \$0.62 by way of warrant exercise at a price of \$0.30 per share for total proceeds of \$6,000.

As at June 30, 2024, the number of shares issued, but not fully paid, was 635,422 (2023 – 195,422).

### **Stock options**

As at June 30, 2024, the Company has a stock option plan in place (the “Stock Option Plan”) under which it can grant a maximum number of stock options equal to 10% of the total issued and outstanding common shares. The purpose of the Stock Option Plan is to encourage ownership of the Company’s common shares by persons who are directors, senior officers and employees, as well as consultants, and employees of management companies providing services to the Company. The term of any option granted under the Stock Option Plan may not exceed 10 years. The vesting periods for all options granted pursuant to the Stock Option Plan will be determined at the discretion of the Board of Directors at the time of the grant. The vesting schedule shall provide for a vesting period of at least 12 months and that the options will vest equally on a quarterly basis over the vesting period in respect to options granted to consultants performing investor relations activities. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12-month period.

During the year ended June 30, 2024, the Company granted 500,000 incentive stock options with a term of ten years. Each option entitles the holders to acquire one common share at a price of \$0.15 per share.

During the year ended June 30, 2023, the Company granted 200,000 incentive stock options with a term of five years. Each option entitles the holders to acquire one common share at a price of \$0.65 per share.

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**8. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

	As at June 30, 2024		As at June 30, 2023	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of year	2,275,000	\$ 0.56	2,325,000	\$ 0.54
Granted	500,000	\$ 0.15	200,000	\$ 0.65
Exercised	-	\$ -	(250,000)	\$ (0.35)
Outstanding, end of year	<u>2,775,000</u>	<u>\$ 0.48</u>	<u>2,275,000</u>	<u>\$ 0.56</u>

As at June 30, 2024, the following stock options are outstanding and exercisable:

<i>Number of options outstanding</i>	<i>Number of options exercisable</i>	<i>Exercise price</i>	<i>Remaining life (yrs)</i>	<i>Expiry</i>
700,000	466,667	\$ 0.35	1.65	February 22, 2026
500,000	166,667	\$ 0.45	7.18	September 3, 2031
875,000	291,667	\$ 0.80	2.85	May 6, 2027
200,000	66,667	\$ 0.65	3.30	October 17, 2027
500,000	-	\$ 0.15	9.80	April 15, 2034
<u>2,775,000</u>	<u>991,667</u>		<u>4.61</u>	

During the year, the Company recorded share-based compensation of \$187,087 (2023 - \$394,823) relating to stock options. Share-based compensation is measured at the fair value of options at the date of grant and is expensed over the vesting period. The amount was estimated using the Black-Scholes option pricing model with the following assumptions:

	September 2021	May 2022	October 2022	April 2024
Expected volatility	110%	104%	99%	99%
Expected life	10 years	5 years	5 years	10 years
Risk-free interest rate	1.11%	2.94%	3.72%	3.64%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Exercise price	\$ 0.45	\$ 0.80	\$ 0.65	\$ 0.20
Spot price	\$ 0.56	\$ 0.77	\$ 0.64	\$ 0.15
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

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**8. SHARE CAPITAL (cont'd...)**

**Share purchase warrants**

Share purchase warrant transactions are summarized as follows:

As at June 30, 2024 the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance at June 30, 2022</b>	<b>4,111,130</b>	<b>\$ 1.16</b>
Issued	2,640,518	\$ 0.83
Exercised	(20,000)	\$ 0.30
Expired	(4,111,130)	\$ 1.16
<b>Balance at June 30, 2023</b>	<b>2,620,518</b>	<b>\$ 0.83</b>
Issued	9,410,666	\$ 0.31
Expired	(1,745,517)	\$ 0.80
<b>Balance at June 30, 2024</b>	<b>10,285,667</b>	<b>\$ 0.36</b>

During the year ended June 30, 2024, the Company granted 9,362,666 warrants to investors as well as 48,000 broker warrants pursuant to two non-broker private placements. During the year ended June 30, 2023, the Company granted 2,610,018 warrants to investors as well as 10,500 broker warrants pursuant to two non-broker private placements.

Number of Warrants	Exercise Price	Expiry Date
875,001	\$ 0.90	October 27, 2024
4,000,000	\$ 0.40	October 23, 2025
36,000	\$ 0.40	October 23, 2025
5,362,666	\$ 0.25	January 16, 2025
12,000	\$ 0.25	January 16, 2025
<b>10,285,667</b>		

The fair value of broker warrants granted of \$4,120 were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>October 2023</u>	<u>April 2024</u>
Expected volatility	95%	96%
Expected life	2 year	1.5 year
Risk-free interest rate	4.11%	3.64%
Dividend yield	0%	0%
Exercise price	\$ 0.40	\$ 0.25
Spot price	\$ 0.23	\$ 0.20
Forfeiture rate	0%	0%

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**9. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>2024</b>	<b>2023</b>
Loss for the year before income taxes (recovery)	\$ (1,018,819)	\$ (1,320,323)
Expected income tax (recovery)	\$ (275,000)	\$ (356,000)
Change in statutory, foreign tax, foreign exchange rates and o	-	-
Permanent differences	53,000	107,000
Share issue cost	(17,000)	(17,000)
Adjustment to prior years provision versus statutory tax retur	280,000	(118,000)
Change in unrecognized deductible temporary differences	(41,000)	384,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Current income tax</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	<b>2024</b>	<b>2023</b>
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 100,000	\$ 147,000
Property and equipment	13,000	13,000
Share issue costs	24,000	33,000
Convertible debentures	-	-
Non-capital losses available for future period	1,245,000	1,249,000
	1,382,000	1,442,000
Unrecognized deferred tax assets	(1,382,000)	(1,442,000)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>2024</b>	<b>Expiry Date Range</b>	<b>2023</b>	<b>Expiry Date Range</b>
<b>Temporary Differences</b>				
Exploration and evaluation assets	\$ 272,000	No expiry date	\$ 445,000	No expiry date
Investment tax credit	36,000	2022 to 2042	36,000	2022 to 2042
Property and equipment	48,000	No expiry date	48,000	No expiry date
Share issue costs	90,000	2043 to 2046	121,000	2043 to 2046
Non-capital losses available for future periods	4,610,000	2027 to 2042	4,621,000	2027 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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**10. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment in two geographic locations, being the acquisition and development of mineral rights and properties in Canada and Brazil. Other than the intangible asset, the remaining operations pertained to the properties in Canada.

As at June 30, 2024:	<b>Canada</b>	<b>Brazil</b>	<b>Total</b>
Security deposits	\$ 33,500	\$ -	\$ 33,500
Loans receivable	44,660	-	44,660
Mineral properties and deferred exploration costs	789,469	-	789,469
Intangible asset	-	11,294,171	11,294,171
<b>Total</b>	<b>\$ 867,629</b>	<b>\$11,294,171</b>	<b>\$12,161,800</b>

  

As at June 30, 2023:			
Security deposits	\$ 33,500	\$ -	\$ 33,500
Loans receivable	39,667	-	39,667
Mineral properties and deferred exploration costs	693,011	-	693,011
Intangible asset	-	10,427,956	10,427,956
<b>Total</b>	<b>\$ 766,178</b>	<b>\$10,427,956</b>	<b>\$11,194,134</b>

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

i. Cash and cash equivalents at June 30, 2024 is comprised of cash of \$125,463 (2023 - \$158,008) and cash equivalents of \$10,185 (2023 - \$8,745).

ii. Non-cash investing and financing activities

The significant non-cash transactions during the year ended June 30, 2024:

- Issuance of 48,000 broker warrants with a fair value of \$17,400;
- Expiry of broker warrants with a fair value of \$8,400; and
- Issuance of 300,000 bonus shares with a fair value of \$144,000.

The significant non-cash transactions during the year ended June 30, 2023:

- Converted \$1,975,000 of convertible debt to units upon expiration;
- Issuance of 10,500 broker warrants with a fair value of \$2,013;
- Expiry of broker warrants with a fair value of \$26,118; and
- \$31,004 transfer from reserve upon the exercise of options.

iii. Interest and income taxes paid

Interest paid during the year ended June 30, 2024 was \$97,866 (2023 - \$165,437). Income taxes recovery during the year ended June 30, 2024 was \$32,298 (2023 - \$nil).

iv. Reconciliation of liabilities arising from financing activities

	<b>2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>			<b>2023</b>
			<b>Accrued interest</b>	<b>Allocation to equity</b>	<b>Accretion expense</b>	
Loan payable	\$ -	\$ 964,000	\$ 4,584	\$ -	\$ -	\$ 968,584
Convertible debentures	1,684,043	(160,437)	164,962	(1,975,000)	286,432	-
<b>Total liabilities from financing activities</b>	<b>\$ 1,684,043</b>	<b>\$ 803,563</b>	<b>\$ 169,546</b>	<b>\$ (1,975,000)</b>	<b>\$ 286,432</b>	<b>\$ 968,584</b>

	<b>2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>			<b>2024</b>
			<b>Accrued interest</b>	<b>Allocation to equity</b>	<b>Accretion expense</b>	
Loan payable	\$ 968,584	\$ (124,000)	\$ 26,119	\$ (144,000)	\$ 134,926	\$ 861,629
<b>Total liabilities from financing activities</b>	<b>\$ 968,584</b>	<b>\$ (124,000)</b>	<b>\$ 26,119</b>	<b>\$ (144,000)</b>	<b>\$ 134,926</b>	<b>\$ 861,629</b>

**12. FINANCIAL INSTRUMENTS AND RISKS**

The Company's financial instruments consist of cash and cash equivalents, loan receivable, security deposits, accounts payable and accrued liabilities, due to related parties and loan payable.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As June 30, 2024, the Company's cash and cash equivalents is measured using level 1 inputs of the fair value hierarchy, consisting of quoted prices in active markets for identical assets. The fair value of all other financial instruments approximates their carrying values due to the relatively short-term maturity of these instruments, or attached market rates of interest, as the loan receivable and security deposits are not short term.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2024 as follows:

	Fair Value Measurements Using			Balance, June 30, 2024 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	135,648	–	–	135,648

**12. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)**

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2023 as follows:

	Fair Value Measurements Using			Balance, June 30, 2024 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	166,753	–	–	166,753

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

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and security deposits are held with high credit quality financial institutions, and the loan receivable is secured by the asset sold. The Company believes it does not have material exposure to credit risk. The Company's exposure to and management of credit risk have not changed materially from that of the year ended June 30, 2023.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2024, the Company had a cash balance of \$135,648 to settle current liabilities of \$1,936,658.

There is a risk that the Company may not be able to fulfill its obligation when a liability is due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company's exposure to and management of liquidity risk have not changed materially from that of the year ended June 30, 2023.

## **12. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)**

### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and comprises: currency risk, interest rate risk and other price risk. The Company's exposure to and management of market risk have not changed materially from that of the year ended June 30, 2023.

(a) 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 has \$33,500 of security deposits earning interest at an average rate of 0.57% per annum. Cash is held in banks receiving market rates of interest. The loan receivable does not bear interest and the loan payable is at a set interest rate of 12% per annum, which approximates a market rate of interest. As such, the Company does not believe that it is materially exposed to interest rate risk.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have assets or liabilities denominated in a foreign currency and therefore is not exposed to currency risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company considers commodity prices when raising money through equity issuances of units or common shares of the Company. However, the Company is not directly exposed to other price risk with respect to commodity and equity prices, as it does not hold or trade commodities or marketable securities. When considering an equity raise of funds, the Company closely monitors commodity prices of gold and the stock market price of the Company's common shares to determine the appropriate course of action to be taken by the Company.

## **13. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

In the management of capital, the Company monitors its capital structure which comprises all components of shareholders' equity, which totaled \$10,424,576 at June 30, 2024 (2023 - \$9,606,037).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from the year ended June 30, 2023.

#### **14. SUBSEQUENT EVENTS**

Subsequent to June 30, 2024, the Company:

- completed an offering of unsecured convertible debentures for a total of \$1,980,000;
- repaid \$840,000 of loan payable;
- completed a non-brokered private placement for total proceeds of \$974,125; and
- advanced an additional \$495,000 USD in relation to the JVRA.