



Adex Mining Inc.  
Consolidated Financial Statements  
December 31, 2024 and 2023  
(Expressed in Canadian dollars)

To the Shareholders of Adex Mining Inc.:

## Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated 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 audits 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 audits 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 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 consolidated financial statements, which indicates that the Company had a negative cashflow from operation during the year ended December 31, 2024 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 report.

## **Provision for Environmental Rehabilitation**

### *Key Audit Matter Description*

We refer to the consolidated financial statements Note 2, summary of material accounting policies, Note 3, critical accounting estimates and judgements, and Note 14, asset retirement obligation, related to the asset retirement obligation.

As of December 31, 2024, the Company estimated the asset retirement obligation to be \$23,974,885. The calculation of this provision required management to estimate the future costs, expected date of such costs to be incurred, and future inflation. For the year ended December 31, 2024, management utilized an external expert to provide support in the assessment where appropriate. This review incorporated the effects of any changes in management's anticipated approach to the restoration of the site for disturbances made to date and the impact of applicable regulations. The estimate required significant auditor attention, and accordingly, we have identified this as a key audit matter.

### *Audit Response*

We responded to this matter by performing procedures in relation to the asset retirement obligation. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and evaluated management's assessment on the asset retirement obligation to assess the reasonability of inputs, including discount rate, inflation rate, and expected date of future costs to be incurred;
- Obtained the Reclamation Plan prepared by management's external expert which provided the cost estimate for the asset retirement obligation;
- Evaluated the qualifications, competence and objectivity of management's external expert;
- Obtained and assessed management's calculation of the assets retirement obligation by vouching data input to expert's work, evaluating management's estimates used in the calculation, and verifying mathematic accuracy; and
- Assessed the appropriateness of the related disclosures in the consolidated financial statements.

## **Other Information**

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

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

In connection with our audits 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 audits 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 on this other information, 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 as issued by the International Accounting Standards Board 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.

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

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

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

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

Vancouver, British Columbia

April 28, 2025

*MNP LLP*

Chartered Professional Accountants

**ADEX Mining Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

| As at  | December 31<br>2024 | December 31<br>2023 |
|--|---------------------|---------------------|
|  | \$                  | \$                  |
| <b>Assets</b>                                      |                     |                     |
| Current  |                     |                     |
| Cash   | 200,733             | 83,724              |
| HST and other receivables                          | 6,749               | 19,494              |
| Prepaid expenses and advances                      | 57,203              | 86,659              |
|  | 264,685             | 189,877             |
| Non-current  |                     |                     |
| Funds held by Province of New Brunswick            | 1,187,875           | 1,136,052           |
| Advances   | 2,537               | 7,757               |
| Tailings impoundment facility (note 4)             | 473,182             | 512,614             |
| Equipment, net (note 5)                            | 5,750               | -                   |
| <b>Total Assets</b>                                | <b>1,934,029</b>    | <b>1,846,300</b>    |
| <b>Liabilities</b>                                 |                     |                     |
| Current  |                     |                     |
| Accounts payable and accruals (note 9)             | 72,380              | 111,301             |
| Non-Current  |                     |                     |
| Bank loan (note 9)                                 | 80,000              | 80,000              |
| Accrued Interest (note 9)                          | 2,318,250           | 1,676,938           |
| Loans payable (note 9)                             | 6,440,517           | 5,130,365           |
| Asset retirement obligation (note 14)              | 23,974,885          | -                   |
| <b>Total Liabilities</b>                           | <b>32,886,032</b>   | <b>6,998,604</b>    |
| <b>Shareholders' deficit</b>                       |                     |                     |
| Share capital                                      | 55,889,583          | 55,889,583          |
| Contributed surplus                                | 2,879,322           | 2,879,322           |
| Deficit  | (89,720,908)        | (63,921,209)        |
|  | <b>(30,952,003)</b> | <b>(5,152,304)</b>  |
| <b>Total liabilities and shareholders' deficit</b> | <b>1,934,029</b>    | <b>1,846,300</b>    |

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

*Nature of operations and going concern - note 1*

*Commitments - note 9*

*Subsequent events - note 15*

Approved on behalf of the board:

(signed) "Norm Betts"  
Director

(signed) "Linda Lam Kwan"  
Director

**ADEX Mining Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

| For the years ended                           | December 31        |                |
|---|--------------------|----------------|
|   | 2024               | 2023           |
|   | \$                 | \$             |
| <b>Expenses and other (income) expenses</b>   |                    |                |
| Administrative and general (note 7)           | 288,569            | 203,848        |
| Mineral property expenses (note 13)           | 443,527            | 367,723        |
| Finance cost                                  | 474,137            | 411,826        |
| Unrealized foreign exchange loss (gain)       | 679,611            | (159,725)      |
| Interest income                               | (57,288)           | (55,986)       |
| Gain on disposal of equipment (note 5)        | (9,500)            | -              |
| Loss on uncollectible advance                 | 5,758              | -              |
| Mineral property impairment (note 14)         | 23,974,885         | -              |
| <b>Total expenses and other income</b>        | <b>25,799,699</b>  | <b>767,686</b> |
| Income taxes                                  | -                  | -              |
| <b>Net loss and comprehensive loss</b>        | <b>25,799,699</b>  | <b>767,686</b> |
| Weighted average number of shares outstanding | <b>677,211,441</b> | 677,211,441    |
| Basic and diluted loss per share              | <b>0.038</b>       | 0.001          |

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

**ADEX Mining Inc.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

| For the years ended                                    | December 31      |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
|  | \$               | \$               |
| <b>Operating activities</b>                            |                  |                  |
| Net loss for the year                                  | (25,799,699)     | (767,686)        |
| Adjust for non-cash and non-operating items:           |                  |                  |
| Depreciation of Tailings impoundment facility (note 4) | 39,432           | 39,432           |
| Depreciation of property, plant and equipment (note 5) | 5,750            | -                |
| Gain on disposal of equipment (note 5)                 | (9,500)          | -                |
| Interest expense                                       | 470,138          | 410,479          |
| Unrealized foreign exchange loss (gain)                | 679,611          | (159,725)        |
| Mineral property impairment                            | 23,974,885       | -                |
|  | (639,383)        | (477,500)        |
| Change in non-cash working capital                     |                  |                  |
| HST and other receivables                              | 12,745           | (8,989)          |
| Prepaid expenses and advances                          | 34,676           | (52,063)         |
| Accounts payable and accruals                          | (38,921)         | (121,525)        |
| <b>Cash used in operating activities</b>               | <b>(630,883)</b> | <b>(660,077)</b> |
| <b>Investing activities</b>                            |                  |                  |
| Increase in funds held by Province of New Brunswick    | (51,823)         | (52,886)         |
| Disposal of equipment                                  | 9,500            | -                |
| Additions to equipment                                 | (11,500)         | -                |
| <b>Cash used in investing activities</b>               | <b>(53,823)</b>  | <b>(52,886)</b>  |
| <b>Financing activities</b>                            |                  |                  |
| Loan proceeds  | 801,715          | 707,079          |
| <b>Cash provided by financing activities</b>           | <b>801,715</b>   | <b>707,079</b>   |
| Change in cash   | 117,009          | (5,884)          |
| Cash, beginning of the year                            | 83,724           | 89,608           |
| <b>Cash, end of the year</b>                           | <b>200,733</b>   | <b>83,724</b>    |

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

## ADEX Mining Inc.

### *Consolidated Statements of Changes in Shareholders' Deficit*

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

(In Canadian dollars except number of shares)

|                                   | Number of<br>Common<br>Shares<br>Outstanding | Share capital | Contributed<br>Surplus | Deficit      | Total        |
|-----------------------------------|--|---------------|------------------------|--------------|--------------|
|                                   |  | \$            | \$                     | \$           | \$           |
| <b>Balance, January 1, 2023</b>   | 677,211,441                                  | 55,889,583    | 2,879,322              | (63,153,523) | (4,384,618)  |
| Net loss and comprehensive loss   |  | -             | -                      | (767,686)    | (767,686)    |
| <b>Balance, December 31, 2023</b> | 677,211,441                                  | 55,889,583    | 2,879,322              | (63,921,209) | (5,152,304)  |
| Net loss and comprehensive loss   |  | -             | -                      | (25,799,699) | (25,799,699) |
| <b>Balance, December 31, 2024</b> | 677,211,441                                  | 55,889,583    | 2,879,322              | (89,720,908) | (30,952,003) |

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

# **Adex Mining Inc.**

*Notes to the consolidated financial statements  
For the years ended December 31, 2024 and 2023  
(Expressed in Canadian Dollars)*

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

Adex Mining Inc. (the “Company”) holds 100% of the subsurface mineral rights encompassing the Mount Pleasant mine area of New Brunswick, Canada (the “Property” or “Mount Pleasant”) where the Company is developing a potential polymetallic mine focusing on tin, indium, zinc, molybdenum and tungsten. Within the mineral rights area the Company owns the land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture Exchange under the stock symbol “ADE”. On October 18, 2019, the Company was transferred from the Tier 1 category to the Tier 2 category as it does not meet the TSX-V’s Tier 1 Continued Listing Requirements. The classification of the Company to a Tier 2 issuer does not result in any change to the Company’s CUSIP or trading symbol.

The principal head office of the Company is located at Suite 850, 36 Toronto Street, Toronto, Ontario, Canada M5C 2C5. The Company’s controlling shareholder is Great Harvest Canadian Investment Company Limited (“Great Harvest”), who holds 81.88% of the Company’s common shares. The ultimate controlling shareholder is Yorkrich Corporation Limited.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the year ended December 31, 2024, cash used in operations by the Company was \$630,883 (2023: \$660,077) and the Company carried an accumulated deficit of \$89,720,908 (2023: \$63,921,209). Furthermore, the Company has not generated revenue from operations.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires financing to complete its planned exploration and evaluation program on the Mount Pleasant Property and will continue to explore financing alternatives to raise capital.

The Company will continue to obtain financing from its majority shareholder (see note 8).

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company’s ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing.

These consolidated financial statements do not reflect the adjustments to carrying values and classification of assets and liabilities and the reported expenses that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in effect as of December 31, 2024.

These consolidated financial statements have been approved by the Board of Directors on April 28, 2025.

# **Adex Mining Inc.**

## ***Notes to the consolidated financial statements For the years ended December 31, 2024 and 2023 (Expressed in Canadian Dollars)***

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **Basis of presentation**

These consolidated financial statements have been prepared on a historical cost basis.

### **Principles of consolidation**

The consolidated financial statements include the accounts of the Company's wholly owned subsidiary Adex Minerals Corp. ("AMC"). All inter-company accounts and transactions have been eliminated on consolidation.

### **Foreign currency translation**

#### (a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The Company's subsidiary's functional currency is Canadian dollar.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 the consolidated statements of loss and comprehensive loss.

### **Property, plant and equipment**

Property, plant & equipment is carried at cost, less accumulated amortization and asset impairment losses. Computer equipment comprises computer hardware and is amortized on a straight-line basis over 24 months. Automobiles are amortized on a straight-line basis over 24 months. Facility refurbishments are amortized over the estimated life span of the refurbished facility. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

The Company determined that Tailings Impoundment Facility upgrade as a separate asset should be amortized over the estimated useful life of 20 years.

### **Exploration and evaluation expenditures**

The Company capitalizes exploration and evaluation expenditures. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

The Company expenses mine site care and maintenance costs as incurred. Care and maintenance expenditures include site security, environmental monitoring and general repairs as required to ensure the Property is safeguarded against loss and liability.

## **Adex Mining Inc.**

*Notes to the consolidated financial statements  
For the years ended December 31, 2024 and 2023  
(Expressed in Canadian Dollars)*

### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Asset retirement obligation**

Asset retirement obligation includes decommissioning and restoration costs when the Company has an obligation to dismantle and remove infrastructure and residual materials as well as to restore the disturbed area. Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the disturbance occurs, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where such a provision is recognized, the assets retirement obligation is reviewed and adjusted each period to reflect developments which could include changes in closure dates, legislation, discount rate or estimated future costs.

The amount recognized as a liability for assets retirement obligation is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of property, plant and equipment or mineral properties and is depreciated over the life of the corresponding asset. The impact of amortization or unwinding of the discount rate applied in establishing the net present value of the provision is recognized in financing expenses. The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates.

Changes to estimated future costs are recognized in the consolidated statements of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, "Property, Plant and Equipment". Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is taken immediately to the consolidated statement of loss and comprehensive loss.

If the change in estimate results in an increase in the rehabilitation provision and therefore an addition to the carrying amount of the asset, the entity is required to consider whether the new carrying amount is recoverable, and if this is an indication of impairment of the asset as a whole. If indication of impairment of the asset as a whole exists, the Company tests for impairment in accordance with IAS 36, "Impairment of Assets". If the revised mine assets exceeds the recoverable value that portion of the increase is charged directly to the consolidated statement of loss and comprehensive loss. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss and comprehensive loss. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated cost of outstanding rehabilitation work at each statement of financial position date and any increase in overall cost is expensed.

### **Impairment of non-financial assets**

The Company assesses the carrying amount of non-financial assets including property, plant and equipment and exploration and evaluation assets at each reporting date to determine whether there is any indication of impairment or impairment reversal. Internal factors, such as budgets and forecasts, as well as external factors, such as expected future prices, costs and other market factors are also monitored to determine if indications exist.

## **Adex Mining Inc.**

### ***Notes to the consolidated financial statements For the years ended December 31, 2024 and 2023 (Expressed in Canadian Dollars)***

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs of disposal of the asset. The best evidence of fair value is a quoted price in an active market or a binding sale agreement for the same or similar asset. Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset in an arm's length transaction. This is often accomplished by using a discounted cash flow technique.

Impairment is assessed at the cash-generating unit (CGU) level. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets. The assets of the corporate head office are allocated on a reasonable and consistent basis to CGUs or groups of CGUs. The carrying amounts of assets of the corporate head office that have not been allocated to a CGU are compared to their recoverable amounts to determine if there is any impairment loss.

If, after the Company has previously recognized an impairment loss, circumstances indicate that the fair value of the impaired assets is greater than the carrying amount, the Company reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

#### **Share based payments**

The Company has a stock option plan that is described in Note 6. The granting of stock options represents a benefit given to employees of the Company, which include others providing similar services, and non-employees and constitutes additional compensation to be borne by the Company.

Share based payments issued to employees are valued at the date of the grant using the Black Scholes option pricing model and are included in the consolidated statements of loss and comprehensive loss over each tranche's vesting period and credited to the contributed surplus unless it can be directly attributed to exploration and evaluation activities, in which case it is capitalized.

Share based payments issued to non-employees are valued at the fair value of the goods and services received, unless they cannot be reliably measured, then the Black Scholes option pricing model is used. The expense is included in the consolidated statements of loss and comprehensive Loss over each tranche's vesting period which represents the period over which the services have been received and credited to the contributed surplus unless it can be directly attributed to exploration and evaluation activities, in which case it is capitalized.

Share based payments issued to other entities for acquisition of properties are valued at the bid price on the date of the agreement and included in equity on that day, where the fair value of the goods and services received could not be reliably measured.

#### **Income taxes**

The income tax expense or benefit for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## **Adex Mining Inc.**

### ***Notes to the consolidated financial statements For the years ended December 31, 2024 and 2023 (Expressed in Canadian Dollars)***

Deferred tax assets and liabilities are determined using the statement of financial position liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted by each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences with the exception of the following items:

- Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the Company is able to control the timing of the reversal of temporary differences and such reversals are not probable in the foreseeable future;
- Temporary differences associated with goodwill;
- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and does not give rise to equal taxable and deductible temporary differences; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized.

The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and where the Company has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly to equity are also recognized in equity. All other taxes are recognized in income tax expense in the consolidated statements of loss and comprehensive loss.

#### **Basic and diluted income (loss) per share**

Basic loss per share amounts are calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated using the treasury method, which assumes that all outstanding stock option grants and warrants are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the year.

#### **Financial instruments**

##### *(a) Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## Adex Mining Inc.

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### *(b) Measurement*

#### **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss.

#### **Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost. Interest from these financial assets and liabilities is included in finance cost using the effective interest rate method.

#### **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

The categories of the Company's financial instruments are as follow:

| <u>Item</u>                             | <u>Category</u> |
|---|-----------------|
| Cash                                    | FVTPL           |
| Funds held by Province of New Brunswick | Amortized cost  |
| Accounts payable and accruals           | Amortized cost  |
| Loan payable and accrued interest       | Amortized cost  |
| Bank loan                               | Amortized cost  |
| Asset retirement obligation             | Amortized cost  |

### *(c) Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for the financial assets.

The Company recognizes in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$nil as at December 31, 2024 and 2023.

### **Government assistance**

Non-repayable government assistance is recorded as a reduction in the related qualifying expenditure when it is reasonably assured that the conditions of the assistance will be complied with. Repayable government loans are recorded initially at fair value, with the difference between the book value and fair value recorded as a reduction of the related expenditures or as other income if such grant is general.

### **IFRS accounting pronouncements**

- a) Change in IFRS effective for the first time

## **Adex Mining Inc.**

### ***Notes to the consolidated financial statements For the years ended December 31, 2024 and 2023 (Expressed in Canadian Dollars)***

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2024.

In January 2020 and October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements which were incorporated into Part I of the CPA Canada Handbook – Accounting in April 2020 and December 2022, respectively. The amendments clarify the requirements for classifying liabilities as either current or non-current. Both the January 2020 and October 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024.

The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the consolidated financial statements.

#### **b) Future accounting pronouncements**

Certain pronouncements have been issued by the IASB that are effective for accounting periods beginning on or after January 1, 2025.

#### ***Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)***

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments provide clarification that a financial liability is derecognized on the 'settlement date', provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met, clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, clarify that, for a financial asset to have 'non-recourse' features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets, Clarify the characteristics of the contractually linked instruments that distinguish them from other transactions, and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively.

#### ***IFRS 18 Presentation and Disclosure in Financial Statements***

The International Accounting Standards Board (IASB) published IFRS 18 Presentation and Disclosure in Financial Statements in April 2024 and will replace IAS 1. This new standard will help companies to provide information about their financial performance that is useful to users of financial statements in assessing the prospects for future net cash inflows to the company and in assessing management's stewardship of the company's economic resources. It represents the completion of a major standard-setting project on the presentation of financial statements and, therefore, will have significant implications for many companies reporting under IFRS. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively for comparative periods.

The Company is currently assessing the impact of such pronouncements on the consolidated financial statements.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

## Adex Mining Inc.

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Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, 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:

### Impairment of long-lived assets

Judgement is required to determine whether there are any indicators that the Company's long-lived assets may be impaired and whether there are any indicators that previously recognized impairments may require reversal or partial reversal. When there are indications that an asset may be impaired or that a reversal of a previously taken impairment may be required, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs of disposal. The Company has determined that there are indicators of impairment for the Company's long-lived assets during the year ended December 31, 2024.

### Asset retirement obligation

A provision is recognized on the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company's asset retirement obligation arises from its obligation to undertake site reclamation and remediation in connection with its mineral properties. The estimated costs of reclamation are based on current regulatory requirements and the present value of estimated reclamation costs at a future date. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate.

The uncertainty regarding the valuation of the asset retirement obligation arises because of certain key inputs such as future estimated costs, expected date of such costs to be incurred, future inflation, the possibility of changing laws and requirements, including change in constructive obligations and the discount rate used to present value the future estimated costs.

## 4. TAILINGS IMPOUNDMENT FACILITY

| Mount Pleasant property, NB     | Tailings impoundment facility upgrade |
|---------------------------------|---------------------------------------|
| <b>Cost</b>                     | <b>\$</b>                             |
| Balance as at December 31, 2022 | 788,638                               |
| Additions                       | -                                     |
| Balance as at December 31, 2023 | 788,638                               |
| Additions                       | -                                     |
| Balance as at December 31, 2024 | 788,638                               |
| <b>Accumulated depreciation</b> | <b>\$</b>                             |
| Balance as at December 31, 2022 | 236,592                               |
| Depreciation for the year       | 39,432                                |
| Balance as at December 31, 2023 | 276,024                               |
| Depreciation for the year       | 39,432                                |
| Balance as at December 31, 2024 | 315,456                               |
| <b>Carrying amounts</b>         | <b>\$</b>                             |
| As at December 31, 2023         | 512,614                               |
| As at December 31, 2024         | 473,182                               |

For the year ended December 31, 2024, the amount of depreciation charged to mineral property expenses (note 13) for the Tailings Impoundment Facility was \$39,432 (2023: \$39,432).

## Adex Mining Inc.

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### 5. EQUIPMENT

|                                 | Equipment |
|---------------------------------|-----------|
| <b>Cost</b>                     | <b>\$</b> |
| Balance as at December 31, 2022 | 142,503   |
| Additions                       | -         |
| Balance as at December 31, 2023 | 142,503   |
| Additions                       | 11,500    |
| Disposal                        | (15,500)  |
| Balance as at December 31, 2024 | 138,503   |
| <b>Accumulated depreciation</b> | <b>\$</b> |
| Balance as at December 31, 2022 | 142,503   |
| Depreciation for the year       | -         |
| Balance as at December 31, 2023 | 142,503   |
| Depreciation for the year       | 5,750     |
| Disposal                        | (15,500)  |
| Balance as at December 31, 2024 | 132,753   |
| <b>Carrying amounts</b>         | <b>\$</b> |
| As at December 31, 2023         | -         |
| As at December 31, 2024         | 5,750     |

For the year ended December 31, 2024, the amount of depreciation charged to the equipment was \$5,750 (2023: \$Nil).

### 6. SHARE CAPITAL AND STOCK OPTIONS

#### Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at December 31, 2024 and 2023, the Company had 677,211,441 common shares, of no par value, issued and outstanding.

#### Stock options

On April 26, 2007, the shareholders approved a rolling stock option plan (the "Stock Option Plan") for the Company. The Stock Option Plan has been re-approved annually.

The Stock Option Plan allows the Company to issue options to a maximum of 10% of the issued and outstanding common shares of the Company. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the common shares of the Company on the last trading day immediately preceding the date of the grant of the stock option less any discounts from the market price allowed by the TSXV.

As at December 31, 2024 and 2023, no options were outstanding.

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### 7. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses as well as regulatory, filing and meeting fees for the years ended December 31, 2024 and 2023:

|   | 2024           | 2023           |
|---|----------------|----------------|
|   | \$             | \$             |
| Directors fees (note 8)                 | 56,839         | 3,415          |
| Insurance                               | 33,308         | 32,702         |
| Office rent                             | 3,627          | 3,348          |
| Office costs                            | 15,355         | 35,152         |
| Professional fees                       | 88,163         | 68,496         |
| Regulatory, filing fees and meeting     | 26,757         | 12,580         |
| Shareholder communications & promotion  | 8,840          | 2,555          |
| Wages, benefits and consulting (note 8) | 55,680         | 45,600         |
|   | <b>288,569</b> | <b>203,848</b> |

### 8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration comprises the Company's President and Chief Executive Officer and Chief Financial Officer.

From September 30, 2017, the Company has not been charged by its certain Directors and the Chief Executive Officer (representatives of Great Harvest) for certain director's fees and for the Chief Executive Officer's compensation. Accordingly, the Company has not recognized expenses for these costs during the year ended December 31, 2024 (2023: \$nil).

For the year ended December 31, 2024, the Company incurred related party expenses of \$55,680 (2023: \$45,600). These expenses related to the payment of wages, benefits and consulting fees to the Company's Chief Financial Officer.

During the year ended December 31, 2024, the Company incurred directors' fees of \$56,839 (2023: \$3,415). These amounts were expensed in the period incurred as administrative and general expenses.

Great Harvest, the Company's largest shareholder with 81.88% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the President and Chief Executive Officer. During the year ended December 31, 2024, the Company incurred expenses of \$Nil (2023: \$Nil) from Great Harvest for travel, administrative and project expenses.

From July 8, 2019 to October 25, 2023, Great Harvest and the Company entered six loan agreements whereby Great Harvest agreed to provide the Company loans to support operations (the "Great Harvest Loans"). These loans are unsecured and bear interest at the rate of 8% per annum. Detailed loans and maturity dates are as following table:

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As at December 31, 2024

| <b>Loan Agreement Date</b> | <b>Loan Amount (USD\$)</b> | <b>Total drawdown as of December 31, 2024 (USD\$)</b> | <b>Extended Maturity date</b> |
|----------------------------|----------------------------|---|-------------------------------|
| July 14, 2016              | \$ 1,000,000               | \$ 1,000,000  | January 1, 2027               |
| January 18, 2018           | \$ 600,000                 | \$ 600,000  | January 1, 2027               |
| March 4, 2019              | \$ 600,000                 | \$ 600,000  | January 1, 2027               |
| April 27, 2020             | \$ 600,000                 | \$ 600,000  | January 1, 2027               |
| September 30, 2021         | \$ 1,000,000               | \$ 1,000,000  | January 1, 2027               |
| October 25, 2023           | \$ 1,000,000               | \$ 676,000  | January 1, 2027               |
| <b>TOTAL</b>               |                            | <b>\$ 4,476,000</b>                                   |                               |

As at December 31, 2024, the Company had accrued \$2,318,250 (US\$1,611,127) (2023: \$1,676,938 (US\$1,267,910)) for interest on the outstanding loans. The interest payable was included in accrued interest on the consolidated statements of financial position. For the year ended December 31, 2024, a total interest expense of \$470,138 (US\$343,217) (2023: \$410,479 (US\$294,047)) has been recognized from the loans from Great Harvest, which has been included in the financing costs in the consolidated statements of loss and comprehensive loss.

## Adex Mining Inc.

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### 9. ACCOUNTS PAYABLE, LOAN, ACCRUALS AND COMMITMENTS

| As at   | December 31<br>2024 | December 31<br>2023 |
|---|---------------------|---------------------|
| <b>Current:</b>                                       | \$                  | \$                  |
| Accounts payable                                      | 36,085              | 87,323              |
| Accrued liabilities                                   | 36,295              | 23,978              |
|   | <b>72,380</b>       | 111,301             |
| <b>Non-Current:</b>                                   |                     |                     |
| <b>Canada Emergency Business Account (CEBA) loan:</b> |                     |                     |
| Ending balance  | 80,000              | 80,000              |
| <b>Accrued Interest:</b>                              |                     |                     |
| Opening balance                                       | 1,676,938           | 1,319,001           |
| Additional interest accrued                           | 470,138             | 410,479             |
| Foreign exchange loss (gain)                          | 171,174             | (52,542)            |
| <b>Ending balance</b>                                 | <b>2,318,250</b>    | 1,676,938           |
| <b>Great Harvest Loan:</b>                            |                     |                     |
| Opening balance                                       | 5,130,365           | 4,530,469           |
| Loan proceeds   | 801,715             | 707,079             |
| Foreign exchange loss (gain)                          | 508,437             | (107,183)           |
| <b>Ending balance</b>                                 | <b>6,440,517</b>    | 5,130,365           |
| Asset Retirement Obligation (note 14)                 | 23,974,885          | -                   |
| <b>Total</b>  | <b>32,886,032</b>   | 6,998,604           |

On April 24, 2020, the Company received an aggregate of \$80,000 in the form of CEBA loans. During the year ended December 31, 2024, the Company recognized interest expense of \$4,000 (2023: \$Nil) in respect of the CEBA loans. On January 19, 2024, the CEBA loans were converted into 3-year term loans with a maturity date of December 31, 2026 and an interest rate of 5% per annum.

#### Commitments

Contractual obligations related to short term lease for virtual office amount to \$3,627 (2023: \$3,348). Furthermore, there are no capital and/or purchase commitments as of December 31, 2024.

### 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk, and exchange rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

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The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

### (a) Market risk

#### (i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk primarily relating to the following financial assets. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

#### **Financial instruments exposed to interest rate risk:**

|   | 2024             |                              | 2023             |                              |
|---|------------------|------------------------------|------------------|------------------------------|
|   | \$               | Effective<br>interest rate % | \$               | Effective<br>interest rate % |
| <b>Financial assets</b>                 |                  |                              |                  |                              |
| Funds held by Province of New Brunswick | <u>1,187,875</u> | <u>3.979 – 5.037</u>         | <u>1,136,052</u> | <u>4.303 – 5.145</u>         |

As of December 31, 2024, the Company's bank loan and loans payables and accrued interest are charged at fixed rate. The Company is not exposed to significant interest rate risk on its bank loan and loans payables and accrued interest.

During the year ended December 31, 2024, a 10% change in interest rates relating to funds held by Province of New Brunswick could increase or decrease in interest income and carrying value of the funds by approximately \$5,182 (2023: \$5,289).

#### (ii) Commodity price risk

At December 31, 2024, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

#### (iii) Exchange rate risk

The Company is exposed to foreign currency risk as it has loans payable and accrued interest denominated in US dollars. As a result, fluctuations in the rate of exchange between US and Canadian dollars can have an effect on the Company's reported results. The Company has not utilized any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates. The Canadian dollar equivalent of the Company's net liability value denominated in US dollars as at December 31, 2024 was \$8,758,767 (2023: \$6,807,303). Accordingly, a 10% increase or decrease in the exchange rate between US and Canadian dollars would impact net loss by approximately \$875,877.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash. The Company endeavors to mitigate credit risk by holding its cash with major commercial banks with strong credit ratings. The carrying amounts of cash represent the Company's maximum exposure to credit risk.

## **Adex Mining Inc.**

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The Company maintains a cash balance on deposit with the Province of New Brunswick and does not consider this as a significant credit risk.

### **(c) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. At December 31, 2024, the Company had a cash balance of \$200,733 (2023: \$83,724) and current liabilities balance of \$72,380 (2023: \$111,301)

The Company is currently focused on exploring and developing its Mount Pleasant Property and has not generated revenue or cash flow from this project. The Company's sole source of funding to this point has been the issuance of equity and related party debt securities. The Company has limited financial resources and no current source of recurring revenue and continues to rely on the issuance of shares or other sources of financing to generate the funds required to complete the re-development, commissioning and commencement of production of the Mount Pleasant property and corporate expenditures.

Additional funding would be required to complete the construction, commissioning or operations of the Mount Pleasant property and there is no assurance that such additional funding will be available to the Company. Should such funding be required, failure to obtain funding could result in delay or indefinite postponement of the development of the Mount Pleasant property.

### **(d) Fair value estimation**

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by valuation methodology utilized:

Level 1 quote prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is classified as Level 1 financial asset.

Funds held by Province of New Brunswick, accounts payable and accruals, loan payable and accrued interest, bank loan, and asset retirement obligation are recorded at amortized cost. The fair values of the Company's accounts payable and accruals approximate their carrying values due to their short-term nature.

## **11. MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

At December 31, 2024, the Company's capital consists of the shareholders' deficit in the amount of \$30,952,003 (2023: \$5,152,304) and shareholder loan and interest of \$8,758,767 (2023: \$6,807,303).

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares as well as loans from its largest shareholder. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

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The Company maintains minimal surplus capital. At December 31, 2024, the Company had a net working capital of \$192,305 (2023: working capital of \$78,576). There is no material external capital commitment as of December 31, 2024.

### 12. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2024 and 2023:

|  | Year ended<br>December 31, 2024 | Year ended<br>December 31, 2023 |
|--|---------------------------------|---------------------------------|
|  | \$                              | \$                              |
| Income (loss) before taxes                       | (25,799,699)                    | (767,686)                       |
| Statutory tax rate                               | 26.50%                          | 26.50%                          |
| Expected income tax (recovery)                   | (6,836,920)                     | (203,437)                       |
| Penalties & Fines                                | -                               | -                               |
| Non-taxable (deductible) portion of capital loss | 68,203                          | (14,202)                        |
| Tax rate difference                              | (567,372)                       | 33,221                          |
| Provision to return adjustments (true -up)       | -                               | (813)                           |
| Tax effect of unpaid amounts                     | 15,980                          | -                               |
| Change in deferred tax assets not recognized     | 7,320,109                       | 185,231                         |
| Total tax expense (recovery)                     | -                               | -                               |

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes.

The unrecognized deductible temporary differences at December 31, 2024 and December 31, 2023 are comprised of the following:

|   | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Non-capital loss carryforwards                      | 23,196,416        | 21,991,278        |
| Mineral property tax value in excess of book value  | 17,713,144        | 17,667,962        |
| Loan payable  | 589,486           | 81,050            |
| Capital loss  | 5,758             | -                 |
| Investment tax credits                              | 144,112           | 144,112           |
| Total unrecognized deductible temporary differences | 41,648,916        | 39,884,402        |

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As at December 31, 2024, the Company has non-capital loss carryforwards of approximately \$23,196,416 (2023: \$21,991,278) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

| <b>Expiry</b> | <b>\$</b>            |
|---------------|----------------------|
| 2026          | 961,915              |
| 2027          | 1,878,360            |
| 2028          | 1,272,846            |
| 2029          | 1,723,553            |
| 2030          | 2,552,913            |
| 2031          | 1,763,430            |
| 2032          | 1,720,448            |
| 2033          | 1,865,788            |
| 2034          | 217,464              |
| 2035          | 1,322,094            |
| 2036          | 1,027,590            |
| 2037          | 927,827              |
| 2038          | 590,759              |
| 2039          | 826,608              |
| 2040          | 769,323              |
| 2041          | 889,827              |
| 2042          | 845,098              |
| 2043          | 835,435              |
| 2044          | 1,205,138            |
| <b>Total</b>  | <b>\$ 23,196,416</b> |

The Company also has \$144,112 of investment tax credits which expire in 2029 and 2030.

### 13. MINERAL PROPERTY EXPENDITURES

Mineral property expenses have not changed in their general nature between the years ended December 31, 2024 and 2023, however, the total expenses incurred are subject to variance due to the timing and seasonal affects of required repair and maintenance events.

Expenses incurred during this year are primarily related to care and maintenance activities required ensuring environmental compliance, safety and security at the Property.

As at December 31, 2016, the Company reviewed the impairment indicators as outlined in IFRS 6 and determined that there were indicators of impairment of the Mount Pleasant Mine project. The Company, therefore, made the decision to record a provision for an impairment loss in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2016. There were no factors that arose in 2024 to indicate a reversal of impairment loss that has been previously recognized.

The Company will continue to monitor the situation and should circumstances indicate that the fair value of the project is greater than its carrying value the Company will reverse the impairment loss, in whole or in part, and will recognize the reversal in the consolidated statement of loss and comprehensive loss.

The following table illustrates expenses for the Company's Mt. Pleasant mine site for the years ended December 31, 2024 and 2023:

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|   | 2024           | 2023           |
|---|----------------|----------------|
| Depreciation- Tailings Impoundment Facility | 39,432         | 39,432         |
| Environmental compliance                    | 176,537        | 92,600         |
| Maintenance                                 | 57,269         | 62,534         |
| Other general                               | 11,069         | 11,264         |
| Property taxes                              | 19,220         | 19,403         |
| Travel, meals & entertainment               | 4,065          | 13,194         |
| Utilities                                   | 65,255         | 64,465         |
| Wages                                       | 75,930         | 114,831        |
| Depreciation - equipment                    | 5,750          | -              |
| Rental income                               | (11,000)       | (50,000)       |
| <b>Mineral property expenses</b>            | <b>443,527</b> | <b>367,723</b> |

### 14. ASSET RETIREMENT OBLIGATION

The Company has environmental obligations to provide for the retirement of its mining assets to return all sites to their approximate initial state and to ensure that there is no significant source of environmental contamination or danger to human beings, wildlife and fish species.

In 2024, the Company engaged with a professional engineering firm to complete a Reclamation Plan, which the Company submitted to the Environmental Department of New Brunswick. Based on the Reclamation Plan and regulatory requirements, the Company was able to, for the first time, quantify the amount of the asset retirement obligation and recognized the obligation on the consolidated statements of financial position as at December 31, 2024.

Although the ultimate amount of the future ARO is uncertain, the fair value of the obligation was based on information currently available, including disturbances made to date, closure plans and applicable regulations. The amounts and time of the closure plans will vary depending on a number of factors including alternative mine plans.

As at December 31, 2024, the Company estimated the asset retirement obligation to be \$23,974,885 (2023: \$Nil). The Company reviewed the impairment indicators as outlined in IFRS 6 and determined that there were indicators of impairment of the Mount Pleasant Mine project, consistent to the assessment back in 2016 (Note 13). Therefore, the asset retirement obligation was recognized immediately in the consolidated statement of loss and comprehensive loss as the Company's mineral property is under care and maintenance, and capitalized exploration and evaluation expenditures were fully impaired in prior years.

Key assumptions include total undiscounted pre-inflation estimated capital and short-term monitoring cost of \$15,034,160 and long-term water treatment cost of \$725,034 annually and long-term closure monitoring cost of \$82,550 annually, average long term inflation rate of 2.2%, and a discount rate of 3.33%. The Company has estimated that short-term monitoring cost will be incurred at the closure of the mining assets in 20 years, long-term water treatment cost will be incurred annually for 20 years after the closure of the mining assets, and long-term closure monitoring cost will be incurred annually for 20 years and every 10 years for 20 - 100 years after the closure of the mining assets. The estimated undiscounted cash flow of the future obligation is \$46,162,055.

Sensitivity analysis: If certain variables were changed, the balance of the asset retirement obligation as at December 31, 2024 would change as follows:

| Variable changed                                    |    | Result – low |    | Result – high |
|---|----|--------------|----|---------------|
| Closure of the mine – 5 years decrease and increase | \$ | 22,689,378   | \$ | 25,333,226    |
| Discount rate – 5% decrease and increase            | \$ | 23,215,170   | \$ | 24,760,749    |
| Inflation rate – 5% decrease and increase           | \$ | 23,944,707   | \$ | 24,005,687    |

## **Adex Mining Inc.**

*Notes to the consolidated financial statements  
For the years ended December 31, 2024 and 2023  
(Expressed in Canadian Dollars)*

### **15. SUBSEQUENT EVENTS**

Subsequent to December 31, 2024, the Company received installments of US\$72,400 as drawdowns from the Great Harvest loan.

Subsequent to year end, the United States and Canadian governments announced new tariffs on imported goods. This has caused significant uncertainty and market volatility. Management is actively assessing the situation and the effects on the Company, if any, are currently uncertain.