

MOON RIVER MOLY LTD.

(FORMERLY MOON RIVER CAPITAL LTD.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

UNAUDITED PREPARED BY MANAGEMENT

Notice of disclosure of non-auditor review of condensed interim consolidated financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's auditors have not performed an audit or a review of these condensed interim consolidated financial statements.

MOON RIVER MOLY LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2024 AND DECEMBER 31, 2023

Unaudited - prepared by management

(Expressed in Canadian dollars)

		September 30, 2024	December 31, 2023
	Notes	\$	\$
ASSETS			
Current			
Cash and cash equivalents		3,674,352	2,117,187
Restricted cash	5	21,512,278	-
Amounts receivable	6	321,438	89,794
Prepaid expense		154,178	60,397
		<u>25,662,246</u>	<u>2,267,378</u>
Restricted cash	5	15,475,000	-
Property, plant and equipment	7	4,054,988	-
Non-current parts & supplies inventory	8	274,325	-
		<u>19,804,313</u>	<u>-</u>
Total assets		<u>45,466,559</u>	<u>2,267,378</u>
LIABILITIES			
Current			
Amounts payable and accrued liabilities	9, 16	1,063,125	276,308
Provision for care & maintenance	10	1,005,889	-
Provision for reclamation	11	6,947,901	-
		<u>9,016,915</u>	<u>276,308</u>
Provision for care & maintenance	10	13,260,175	-
Provision for reclamation	11	23,878,580	-
		<u>46,155,670</u>	<u>276,308</u>
SHAREHOLDERS' EQUITY			
Capital stock	12	5,773,539	5,773,539
Warrants	13	49,500	49,500
Share-based payment	14	786,916	369,653
Deficit		(7,299,066)	(4,201,622)
		<u>(689,111)</u>	<u>1,991,070</u>
Total liabilities and shareholders' equity		<u>45,466,559</u>	<u>2,267,378</u>

Nature of operations - Note 1

Commitments & contingencies – Note 19

Approved on behalf of the board on November 26, 2024

"Paul Parisotto"
Paul Parisotto, Director

" Ian McDonald "
Ian McDonald, Director

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

MOON RIVER MOLY LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

Unaudited - prepared by management

(Expressed in Canadian dollars)

		Three months ended September 30		Nine months ended September 30	
	Notes	2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Acquisition, exploration and evaluation	3	536,501	153,376	920,417	226,736
Corporate administration	15, 16	383,613	34,609	1,209,889	60,140
Reclamation recovery	11	1,709,617	-	1,579,170	-
Depreciation	7	71,758	-	87,881	-
Loss before other items		<u>2,701,489</u>	<u>187,985</u>	<u>3,797,357</u>	<u>286,876</u>
Other items					
Interest income		(513,101)	(5,966)	(699,913)	(12,050)
Net loss and comprehensive loss for the period		<u>2,188,388</u>	<u>182,019</u>	<u>3,097,444</u>	<u>274,826</u>
Net loss per common share					
- Basic and diluted		0.066	0.016	0.094	0.024
Weighted average common shares outstanding					
- Basic and diluted		32,960,000	11,660,000	32,960,000	11,660,000

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

MOON RIVER MOLY LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

Unaudited - prepared by management

(Expressed in Canadian dollars)

	Number of Common Shares	Capital Stock \$		Share-Based Payment \$	Deficit \$	Total \$
Balance January 1, 2023	11,660,000	655,246	-	22,243	(165,642)	511,847
Net loss for the period	-	-	-	-	(274,826)	(274,826)
Balance September 30, 2023	<u>11,660,000</u>	<u>655,246</u>	<u>-</u>	<u>22,243</u>	<u>(440,468)</u>	<u>237,021</u>
Balance January 1, 2024	32,960,000	5,773,539	49,500	369,653	(4,201,622)	1,991,070
Vesting of previously issued stock options	-	-	-	360,170	-	360,170
Stock options issued	-	-	-	57,093	-	57,093
Net loss for the period	-	-	-	-	(3,097,444)	(3,097,444)
Balance September 30, 2024	<u>32,960,000</u>	<u>5,773,539</u>	<u>49,500</u>	<u>786,916</u>	<u>(7,299,066)</u>	<u>(689,111)</u>

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

MOON RIVER MOLY LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

Unaudited - prepared by management

(Expressed in Canadian dollars)

	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss for the period	(3,097,444)	(274,826)
Share-based payments	417,263	-
Depreciation	87,881	-
Change in fair value of reclamation provision	1,579,170	-
	<u>(1,013,130)</u>	<u>(274,826)</u>
Movements in working capital		
Decrease in amounts receivable and prepaid expenses	(325,425)	(28,061)
Increase in accounts payable and accrued liabilities	786,817	168,658
Net cash used in operating activities	<u>(551,738)</u>	<u>(134,229)</u>
Cash flows from investing activities		
Cash acquired from the acquisition of Endako	2,329,856	-
Cash used in the acquisition of Endako	(173,271)	-
Additions to equipment	(47,682)	-
Net cash acquired from investing activities	<u>2,108,903</u>	<u>-</u>
Change in cash and cash equivalents		
Cash and cash equivalents, beginning of period	1,557,165	(134,229)
Cash and cash equivalents, end of period	<u>2,117,187</u>	<u>524,646</u>
	<u>3,674,352</u>	<u>390,417</u>

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

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Moon River Moly Ltd. (formerly Moon River Capital Ltd.) (the "**Company**" or "**Moon River**") was incorporated under the laws of the Province of Ontario on August 6, 2019. The Company completed its initial public offering on March 20, 2020 and its common shares are traded on the TSX Venture Exchange ("**TSXV**"). The Company's registered office is at 100 King Street West, Suite 7010 PO Box 70 Toronto Ontario M5X 1B1.

Prior to November 15, 2023, the Company was a Capital Pool Company ("**CPC**") within the meaning of the TSXV Policy 2.4 that had not commenced commercial operations and had no assets other than cash. The Company did not carry on business, other than the identification and evaluation of companies, business, or assets with a view to completing a proposed Qualifying Transaction ("**QT**") as specifically contemplated in the CPC policies of the TSXV.

On November 15, 2023, the Company completed the acquisition of all of Generation Mining Limited's ("**GM**") rights and interests in the Davidson Property consisting of six mineral leases covering approximately 1,631.8 hectares and seven mineral claims covering 2,202.02 hectares located near the town of Smithers, British Columbia, which hosts a large molybdenum-tungsten deposit (the "**Davidson Property**"). The transaction constituted the Company's QT as defined in Policy 2.4 – Capital Pool Companies of the TSXV.

Following the completion of the QT, the TSXV approved the listing of the common shares of the Company as a tier 2 mining issuer and the common shares resumed trading on the TSXV under the ticker symbol "**MOO.V**" (previously "**MOO.P**") on November 20, 2023.

On May 17, 2024, the Company filed Articles of Amendment under the Business Corporations Act with the Province of Ontario, changing its name from Moon River Capital Ltd. To Moon River Moly Ltd.

There has been no determination whether the Company's interests in its properties contain mineral resources which are economically recoverable. Significant expenditures are required to locate and establish mineral deposits, to develop metallurgical processes and to construct mining and processing facilities. The Company's continued existence is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. The Company's acquisition, exploration and evaluation operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its evaluation, development and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that are applied for will be granted. The Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, however, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts, and political uncertainty.

At September 30, 2024, the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. These condensed interim consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months at the minimum. The Company continues to evaluate its estimates and assumptions based on its historical performance and other factors including expectations of future events that are believed to be reasonable under the circumstances.

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared for the three and nine months ended September 30, 2024, including comparative figures where applicable, in accordance with International Accounting Standard ("IFRS"), and in particular in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board. They have been prepared using the accounting policies the Company expects to adopt in its financial statements as at and for the year ending December 31, 2024.

These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023, prepared in accordance with IFRS.

These financial statements were authorized for issuance by the Board of Directors of the Company on November 26, 2024.

Basis of Presentation

Subsidiaries are entities controlled by the Company. These interim condensed consolidated financial statements include the accounts of the Company and those of its wholly owned subsidiary Moon River Molybdenum BC Ltd, from May 30, 2024, the closing date of its acquisition by the Company. As a result of consolidating the subsidiary company, these condensed interim consolidated financial statements include Moon River Molybdenum BC Ltd's 25% interests in the assets, liabilities, income and expenses of the Endako Mine joint operation (see IFRS 11 Joint Arrangements below) from the date that joint control commenced. The financial statements of the subsidiary are prepared using consistent accounting policies for the period presented. All intercompany balances and transactions have been eliminated.

Use of Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of determining the reported values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant judgements include the accounting for acquisitions and joint arrangements, discount rates and projected cash flows used in determining the fair value of the provisions for care and maintenance and reclamation liabilities.

Recent and Significant Accounting Standards

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its audited financial statements for the year ended December 31, 2023. There are currently no accounting standards issued but not yet effective that the Company anticipates will have any material impact on the Company's unaudited condensed interim financial statements or disclosure.

The accounting policies summarized below are applied to the acquisition of the Endako Mine (note 4).

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 3, Business Combinations

Determining whether a set of assets acquired, and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business. The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in profit or loss. Any contingent or deferred consideration is measured at fair value at the date of acquisition.

IFRS 11 Joint Arrangements

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement between two or more parties. This exists only when the decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The Company's 25% interest in the Endako Mine (not 4) is recognized as a joint operation.

IAS 16, Property, Plant and Equipment

The Company's property, plant and equipment are acquired through the acquisition of its 25% interest in the Endako Mine (note 4). Buildings, plant and equipment at the Endako Mine are recorded at cost, including all expenditures incurred to prepare an asset for its intended use. An item of buildings, plant and equipment is de-recognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between any proceeds received and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss in the year the asset is de-recognized.

Buildings, plant and equipment at the are depreciated according to either the units-of-production method or on a straight-line basis over their expected useful life, according to the pattern in which the asset's future economic benefits are expected to be consumed. Depreciation commences when the assets are considered available for use. Once buildings, plant and equipment are considered available for use, they are measured at cost less accumulated depreciation and applicable impairment losses.

Where an item of building, plant and equipment comprises major components with different useful lives, the components are depreciated separately but are grouped for disclosure purposes as building, plant and equipment. Major overhaul expenditures and the cost of replacement of a major component are depreciated over the average expected period between major overhauls.

Management annually reviews the estimated useful lives, residual values and depreciation methods of the Company's building, plant and equipment and when events and circumstances indicate that such a review should be undertaken. Changes to estimated useful lives, residual values or depreciation methods resulting from such reviews are accounted for prospectively.

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table sets out the useful lives of certain assets depreciated using the straight-line basis:

	Useful Life
Buildings, plant and equipment	2 to 20 years
Mobile equipment	2 to 20 years
Light vehicles and other mobile equipment	2 to 20 years
Furniture, computer and office equipment	2 to 5 years

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

An entity must recognise a provision if, and only if a present obligation, legal or constructive, has arisen as a result of a past obligation event, payment is probable, and the amount can be estimated reliably. An obligating event is an event that creates a legal or constructive obligation and, therefore, results in an entity having no realistic alternative but to settle the obligation. A constructive obligation arises if past practice creates a valid expectation on the part of a third party.

The Company assumed obligations for reclamation and care and maintenance expenditures at the Endako Mine upon the Endako Acquisition (note 4). The provisions are measured at the amounts that they are expected to cost the entity to settle the obligations.

Provisions for reclamation require the use of estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mine site, as well as the timing of the reclamation activities and estimated discount rate. The Company assesses and revises its reclamation provision on a periodic basis or when new material information becomes available. Adjustments to the estimated amount and timing of future reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. The principal factors that can cause expected cash flows to change are the construction of new facilities, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment, etc.

Actual costs incurred may differ from those amounts estimated. Changes in future costs could materially impact the estimate of care and maintenance and reclamation provisions. The provisions represent management's best estimate of the present values of the future care and maintenance, reclamation and remediation costs based on environmental disturbances as at the reporting date. A change in any, or a combination of, the key assumptions used to determine the provisions, could have a material impact on the carrying value of the provisions.

3. MINERAL PROPERTIES AND ACQUISITION AND EVALUATION EXPENSES

Davidson Property

The Davidson Property consists of six mineral leases covering 1,631.80 hectares and eleven mineral claims covering 3,266.36 hectares, located near the town of Smithers, British Columbia, which host a molybdenum-tungsten deposit.

The rights to remove and ship therefrom all ore, bullion, concentrates and minerals recovered in any manner from the Davidson Property (collectively, the “**Rights**”) were held by Generation Mining Limited (“**GM**”) through the Davidson Agreement, which was entered on April 1, 2016 between a predecessor of GM and Roda Holdings Inc. (“**Roda**”). The Company acquire all of GM's Rights in the Davidson Property in November 2023.

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

3. MINERAL PROPERTIES AND ACQUISITION AND EVALUATION EXPENSES (CONTINUED)

Davidson Property (Continued)

Roda maintains registered title to the Davidson Property, and shall transfer the title to Moon River upon either: (i) Moon River obtaining bona fide funding commitments in amounts sufficient to construct a mine capable of mining at least 500,000 tons of ore per year where registration of title documents is required by the parties providing funding; or (ii), on notice to Roda of commencement of commercial production at levels sufficient to result in the mining of at least 500,000 tons of ore within one year from commencement of commercial production. In consideration of the Rights, Moon River shall pay Roda \$100,000 per fiscal year and reimburse Roda for the annual lease and property maintenance payments in connection with the mining leases.

Upon transfer of title from Roda to Moon River, Moon River shall pay Roda a 3% Net Smelter Royalty (“NSR”). If the NSR payments to Roda in a fiscal year are less than \$100,000, Moon River must make a payment to Roda equivalent to the difference between the NSR payments for the fiscal year and \$100,000. As security for the performance of Moon River’s obligations under the Davidson Agreement, Roda also has a first ranking mortgage of and security interest in Moon River’s right, title and interest in the Davidson Agreement, the Davidson Property and minerals and mineral products extracted or produced therefrom.

Moon River has a right of first refusal in respect of the transfer from Roda to any third party of all or any part of the Davidson Property, the NSR, or any of Roda’s rights under the Davidson Agreement.

The Company incurred mineral evaluation costs of \$515,364 (2023 - \$nil) and \$760,054 (2023 - \$nil) respectively, on the Davidson Property in the three and nine months ended September 30, 2024.

Endako Mine

The Company has a 25% participating interest in the Endako molybdenum mine complex in British Columbia (the “**Endako Mine**”) pursuant to an Exploration, Development and Mine Operating Agreement dated as of June 12, 1997 (the “**Endako JV**”) entered between Sojitz Moly Resources Inc. (“**SMR**”) (now Moon River Molybdenum BC Ltd.) and the 75% interest holder Thompson Creek Mining Ltd. (now Thompson Creek Metals Company Inc.) (“**TCM**”), a subsidiary of Centerra Gold Inc.

Evaluation costs of \$11,680 (2023 - \$nil) and \$22,744 (2023 - \$nil) related to Endako were expensed in the three and nine months ended September 30, 2024, respectively. Transaction costs directly associated with the Endako Acquisition of \$123,983 (2023 - \$nil) were capitalized and allocated to the PP&E and parts and supplies inventories on the acquisition (note 4, 7, & 8).

The following table summarizes the Company’s cumulative acquisition, exploration and evaluation expenditures which have been expensed according to the Company’s accounting policy:

	September 30, 2024	Additions 2024	December 31, 2023	Additions 2023	December 31, 2022
	\$	\$	\$	\$	\$
Davidson Property	4,269,203	896,008	3,373,195	3,373,195	-
Endako Mine (note 4)	103,811	24,409	79,402	79,402	-
Total	4,373,014	920,417	3,452,597	3,452,597	-

4. ACQUISITION OF ENDAKO MINE

On May 30, 2024, the Company closed the transaction to acquire a 25% participating interest in the Endako Mine through the acquisition of all outstanding shares of SMR, a wholly owned subsidiary of Sojitz Corporation (“**Sojitz**”), pursuant to a share purchase agreement (the “**SPA**”) dated February 28, 2024, with Sojitz (the “**Endako Acquisition**”).

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

4. ACQUISITION OF ENDAKO MINE (CONTINUED)

Mining operations at the Endako Mine began in 1965 and were suspended in December 2014, not long after the commissioning of a new mill in 2012, because of market conditions. The Endako Mine has been placed on care and maintenance and managed by its 75% interest holder TCM since July 2015.

On closing the Endako Acquisition, Sojitz injected cash in SMR in the aggregate of \$42,144,180 of which:

- (i) \$15,475,000, was in the form of a cash backed letter of credit issued to the benefit of the BC government, which represents SMR's portion of the Endako environmental reclamation security, currently required by the BC government;
- (ii) \$24,669,180, less certain bank charges, were deposited into a trust account at TSX Trust Company to fund SMR's 25% of future care and maintenance costs and future increases to the environmental and asset retirement obligations of Endako; and
- (iii) \$2,000,000 cash.

As a consideration for the acquisition, the Company paid \$1 to Sojitz and agreed to make four earn-out payments, contingent on the annualized average market price of molybdenum ("Mo") reaching or exceeding US\$26 per pound (USD per lb Mo) during the prior year, payable annually to Sojitz beginning on May 30, 2027 and ending on May 30, 2030 (the "**Earn Out Payments**") in accordance with the following table:

Average market price of molybdenum during the prior year (USD per lb Mo)	Payment to Sojitz (CAD)
Less than \$26.00	\$0
\$26.00-\$26.99	\$2,000,000
\$27.00-\$27.99	\$2,200,000
\$28.00-\$28.99	\$2,400,000
\$29.00-\$29.99	\$2,600,000
\$30.00 or higher	\$2,800,000

The Earn Out Payments payable by the Company to Sojitz shall not exceed \$10 million in aggregate and are payable irrespective of whether or not the Endako Mining is in production at such time. The fair value of the Earn Out Payments was a de minimis amount of \$1 at the time of the Endako Acquisition and as at September 30, 2024.

Management determined that the assets and liabilities acquired do not constitute a business and therefore accounted for the Endako Acquisition as an asset acquisition.

The aggregate purchase consideration including transaction costs incurred directly associated with the Endako Acquisition was as follows:

Cash consideration	\$	1
Fair value of Earn Out Payments		1
Transaction costs		123,981
Total consideration paid	\$	<u>123,983</u>

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

4. ACQUISITION OF ENDAKO MINE (CONTINUED)

The Company allocated the purchase consideration to the acquired assets and liabilities based on their relative provisional fair values at the date of acquisition as follows:

Net assets 100% owned by SMR:

Reclamation bond	\$	15,475,000
Cash in escrow for care & maintenance and additional reclamation costs		24,411,494
Cash		2,000,000
Total cash and restricted cash acquired		<u>41,886,494</u>

SMR's share of net assets (liabilities) at the Endako JV

Cash and cash equivalents		329,856
Amounts receivable		2,730
Prepaid expenses		121,215
Property, plant and equipment		4,095,185
Parts & supplies inventory		274,796
Accounts payable & accruals		(180,402)
Provision for reclamation		(29,247,311)
Provision for care & maintenance and additional reclamation costs		(17,158,580)
	\$	<u>123,983</u>

At September 30, 2024, the Company continues to assess the fair values of the consideration paid, net assets acquired and liabilities assumed on the Endako Acquisition. Should new pertinent factors in determining these fair values are identified, adjustments to the provisional amounts will be made retroactively during the measurement period in accordance with IFRS.

Upon the closing of the Endako Acquisition, SMR was renamed to Moon River Molybdenum BC Ltd.

5. RESTRICTED CASH

	September 30, 2024	December 31, 2023
	\$	\$
Cash held in escrow for care & maintenance and reclamation	21,512,278	-
Non-current: reclamation bond	15,475,000	-
	<u>36,987,278</u>	<u>-</u>

At September 30, 2024, restricted cash consists of \$21,512,278 (2023 - \$nil) cash held in escrow to be used for future care and maintenance and reclamation of the Endako Mine and a reclamation bond of \$15,475,000 (2023 - \$nil) issued to the Province of British Columbia in the form of a cash backed letter of credit for the Endako Mine (note 4). The restricted cash is held in Guaranteed Investment Certificates or interest-bearing saving accounts, as at September 30, 2024.

MOON RIVER MOLY LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

6. AMOUNTS RECEIVABLE

	September 30, 2024	December 31, 2023
	\$	\$
HST recoverable	104,060	88,024
Accrued interest on short term cash deposit	213,727	1,770
Other	3,651	-
	<u>321,438</u>	<u>89,794</u>

7. PROPERTY, PLANT AND EQUIPMENT

The Company acquired property, plant and equipment (“PP&E”) through the acquisition of the Endako Mine on May 30, 2024 (note 4). The following is a summary of the carrying value of the Company’s share of the PP&E at the Endako Mine at September 30, 2024:

	Land	Building	Equipment & Vehicle	Total
	\$	\$	\$	\$
Cost	82,912	135,223	3,924,734	4,142,869
Accumulated depreciation	-	(2,254)	(85,627)	(87,881)
Net book value at September 30, 2024	<u>82,912</u>	<u>132,969</u>	<u>3,839,107</u>	<u>4,054,988</u>

Included in the cost of the equipment and vehicles is an allocation of the capitalized transaction costs of \$116,185 incurred in the acquisition of Endako Mine. The cost of equipment and vehicles includes additions made during the three months ended September 30, 2024 in the amount of \$47,682. There were no dispositions of the PP&E during the period from the date of their acquisition to September 30, 2024. Depreciation expenses of \$87,881 were recorded during the period ended September 30, 2024. The Company had no PP&E prior to the acquisition of Endako Mine.

8. PARTS & SUPPLIES INVENTORY

The parts and supplies inventories were acquired on May 30, 2024 through the acquisition of the Endako Mine (note 4). The parts and supplies were acquired for the operations of the Endako Mine. The balance is classified as a non-current asset as the Endako Mine has been kept on care and maintenance. Included in the balance is an allocation of the capitalized transaction costs of \$7,796 incurred in the acquisition of Endako Mine. The parts and supplies inventories have not been used since the Endako Mine was placed on care and maintenance and therefore have not been depreciated.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
	\$	\$
Accounts payable	252,135	158,598
Payable to related parties (note 16)	51,489	5,000
Accrued liabilities	759,501	112,710
Total accounts payable and accrued liabilities	<u>1,063,125</u>	<u>276,308</u>

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10. PROVISION FOR CARE & MAINTENANCE

In connection with the Endako Acquisition, the Company recognized a provision for care and maintenance in the amount of \$17,158,581, arising from the Company's obligation for the 25% share of the ongoing care and maintenance costs at the Endako Mine pursuant to the SPA with Sojitz (note 4). The amount represented the present value of the future care and maintenance costs based on the approved care and maintenance budget for the Endako Mine and management's best estimate of such expenditures required to settle the care and maintenance obligations.

The Company's share of the care and maintenance expenses totaled \$2,892,516 during the period from the date of the Endako Acquisition to September 30, 2024. The amount was recorded as a reduction to the care and maintenance at September 30, 2024. The provision is reviewed and adjusted at each balance sheet date to reflect changes in the discount rate used and future cash flows to settle the obligation.

11. PROVISION FOR RECLAMATION

In connection with the Endako Acquisition, the Company recognized a provision for reclamation in the amount of \$29,247,311, arising from the Company's obligation for the 25% share of the closure costs at the Endako Mine pursuant to the SPA with Sojitz (note 4). The provision is \$30,826,481 at September 30, 2024 after an increase of \$1,579,170 in fair value of the provision, arising from changes in cost estimates net of accretion of the liability. The provision is reviewed and adjusted at each balance sheet date to reflect changes in the discount rate used and future cash flows to settle the reclamation obligation.

12. CAPITAL STOCK

Authorized:

Unlimited number of common shares
Unlimited number of special shares issuable in series

There have been no changes to the Company's share capital during the three and nine months ended September 30, 2024. The change in share capital during the year ended December 31, 2023 are as follows:

Common shares issued and outstanding:

	Number of Shares	Capital Stock \$
Balance at December 31, 2022	11,660,000	707,489
Issued on exercise of stock options	300,000	52,243
Issued for financing	12,000,000	2,816,050
Issued to acquire mineral rights	9,000,000	2,250,000
Balance at December 31, 2023 and September 30, 2024	32,960,000	5,825,782

13. WARRANTS

There have been no changes to the Company's warrants during the three and nine months ended September 30, 2024. The change in warrants during the year ended December 31, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price \$	Expiry Date
Balance at December 31, 2022	-	-	
Finder's warrants issued	336,280	0.25	November 15, 2025
Balance at December 31, 2023 and September 30, 2024	336,280	0.25	

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14. STOCK OPTIONS

The Company has a Stock Option Plan for its directors, officers, employees, and consultants. Stock options granted under the Stock Option Plan have various terms at the discretion of the Board of Directors. Options are granted at a price no lower than the market price of the common shares at the time of the grant.

The changes in stock options during the year ended December 31, 2023 and the nine months period ended September 30, 2024 are as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance at December 31, 2022	300,000	0.10
Stock options issued	3,090,000	0.32
Stock options exercised	(300,000)	0.10
Balance at December 31, 2023	3,090,000	0.32
Stock options issued	200,000	0.72
Balance at September 30, 2024	3,290,000	0.35

On May 13, 2024, the Company granted 200,000 stock options to a consultant at an exercise price of \$0.72 per share, for a term of 10 years, with up to a third of the options vesting in two tranches in three and six months after the grant, a third at the end of the first anniversary year and a third at the end of the second anniversary year. The grant date fair value of the options was estimated at \$0.68 per option for a total of \$136,260, of which \$30,081 have been expensed in the three and nine months ended September 30, 2024. The estimated fair value was calculated using the Black-Scholes option pricing model with the following assumptions: share price of \$0.72, expected dividend yield of 0%; expected volatility of 117%; risk free interest rate of 3.68% and expected life of 10 years.

The following table summarizes the stock options outstanding at September 30, 2024:

Exercise Price \$	Options Outstanding	Options Exercisable	Expiry date	Remaining Life to Expiry (Years)
0.25	2,820,000	940,000	November 15, 2033	9.1
0.72	200,000	-	May 13, 2034	9.6
1.09	270,000	90,000	December 20, 2033	9.2
	3,290,000	1,030,000		

The options outstanding have a weighted average remaining life of 9.17 (December 31, 2023 – 9.89) years at a weighted average exercise price of \$0.35 (December 31, 2023 – \$0.32) at September 30, 2024.

15. CORPORATE ADMINISTRATION EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Share-based payment	147,994	-	417,263	-
Professional fees	11,989	13,998	123,499	24,440
Listing, filing & investor relations	84,318	17,889	237,592	32,864
Office and general (note 16)	139,312	2,722	431,535	2,836
	383,613	34,609	1,209,889	60,140

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS

The Company's related parties consist of its directors, officers, and significant shareholders.

During the nine months ended September 30, 2024, a total amount of \$263,500 (2023 - \$nil) were expensed for professional services provided by key management and officers of the Company, including \$112,000 (2023 - \$nil) by a company controlled by the Chief Executive Officer and Director of the Company; \$57,000 (2023 - \$nil) by a company controlled by Chief Financial Officer of the Company; and gross Director's fees of \$45,000 (2023 - \$nil) paid to the Executive Chairman and Director of the Company. In addition, the Company paid total gross Director's fees of \$65,625 (2023 - \$nil) to three non-executive Directors during the nine months ended September 30, 2024.

During the nine months ended September 30, 2024, the Company paid office rent of \$22,500 (2023 - \$nil) to Generation Mining Limited, a significant shareholder of the Company.

Included in accounts payable and accrued liabilities as at September 30, 2024 is \$51,489 (December 31, 2023 - \$5,000) due to the related parties of the Company. Such amounts were due on demand, unsecured and non-interest bearing.

17. FINANCIAL RISK MANAGEMENT

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. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company's cash and short-term investments is held through large Canadian Financial Institutions. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities in full. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's primary source of working capital and liquidity is equity financing.

The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements in the near term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not presently have any interest-bearing debt and therefore in management's opinion, is not exposed to any significant interest rate risk.

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 is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value of Financial Instruments

The Company values financial instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company at September 30, 2024 or December 31, 2023.

		September 30	December 31
		2024	2023
Fair value through profit and loss			
Cash and restricted cash	Level 1	\$40,661,630	\$ 2,117,187
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	\$ 1,063,125	\$ 276,308

18. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity. The Company's policy is to attain adequate capital to sustain the Company's acquisition, evaluation and exploration activities. This is done primarily through equity financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Company will monitor its capital funding and spending to manage current and projected expenditure levels. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

The Company invests all capital that is surplus to its immediate operational needs in short term, highly liquid financial instruments, such as short-term guaranteed investment certificates, held with a major Canadian financial institution.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) CDN\$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

19. COMMITMENTS AND CONTINGENCIES

The Company's evaluation and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company considers its operations substantially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company agreed to Earn Out Payments of up to \$10 million in aggregate, payable annually from May 30, 2027 to May 30, 2030 to the vendor of the 25% participating interest in the Endako Mine, contingent on the annualized molybdenum price reaching US\$26 per pound (note 4).

In addition, the Company has commitments required to maintain its rights and titles to its mineral properties as disclosed in note 3 – Mineral Properties and Acquisition and Evaluation Expenditures.