

# **VIZSLA ROYALTIES CORP.**

**Combined and Consolidated Financial Statements**

**For the years ended April 30, 2025 and 2024**

(Expressed in Canadian dollars)

To the Shareholders of Vizsla Royalties Corp.:

## Opinion

We have audited the combined and consolidated financial statements of Vizsla Royalties Corp. (the "Company"), which comprise the combined and consolidated statements of financial position as at April 30, 2025 and April 30, 2024, and the combined and consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the combined and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying combined and consolidated financial statements present fairly, in all material respects, the combined and consolidated financial position of the Company as at April 30, 2025 and April 30, 2024, and its combined and consolidated financial performance and its combined and 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 Combined and 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 combined and 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 combined and consolidated financial statements, which indicates that the Company had incurred a net loss during the year ended April 30, 2025 and expects to incur further losses. 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 combined and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the combined and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Information

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

Our opinion on the combined and 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 combined and 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 combined and 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 Combined and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined and 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 Combined and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined and 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 combined and 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 combined and 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 combined and 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 combined and consolidated financial statements, including the disclosures, and whether the combined and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 financial statements of combined and consolidated 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 Jian-Kun Xu.

Vancouver, British Columbia

July 23, 2025

*MNP LLP*

Chartered Professional Accountants

**VIZSLA ROYALTIES CORP.**  
**Combined and Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

	Note	April 30, 2025	April 30, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	7,727,605	22,596
Interest receivable	5	57,205	-
Taxes receivable	6	21,310	265,831
Subscription receivable	9(b)	1,745	-
Prepaid expenses		33,660	-
		<b>7,841,525</b>	288,427
Royalty interests	7	1	1
<b>Total assets</b>		<b>7,841,526</b>	288,428
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	110,350	15,263
Due to related party	8	-	1,711,973
<b>Total liabilities</b>		<b>110,350</b>	1,727,236
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	9(b)	10,749,112	1
Contributed deficit		(1,638,565)	(1,316,703)
Reserves		2,155,278	-
Accumulated other comprehensive income		938	37,098
Deficit		(3,535,587)	(159,204)
<b>Total shareholders' equity (deficiency)</b>		<b>7,731,176</b>	(1,438,808)
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>7,841,526</b>	288,428

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

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

/s/ "Karlene Collier"

Director

/s/ "Keith Bodnarchuk"

Director

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

**VIZSLA ROYALTIES CORP.****Combined and Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except number of shares)

	Note	Years ended April 30,	
		2025	2024
		\$	\$
<b>Operating expenses</b>			
Directors' fees	10	178,750	-
Filing fees		99,416	-
Management fees	10	230,383	-
Marketing expenses		9,637	-
Office and miscellaneous	10	32,421	468
Professional fees		702,245	181,034
Rent expenses	10	45,000	-
Salary and wages	10	14,272	-
Share-based compensation	9(c),10	2,164,296	-
Travel		13,669	-
		<b>(3,490,089)</b>	<b>(181,502)</b>
<b>Other income (expenses)</b>			
Interest and other income	5	111,183	-
Foreign exchange gain (loss)		2,523	(2,130)
<b>Net loss for the year</b>		<b>(3,376,383)</b>	<b>(183,632)</b>
Currency translation differences		<b>(36,160)</b>	18,675
<b>Comprehensive loss for the year</b>		<b>(3,412,543)</b>	<b>(164,957)</b>
<b>Loss per share:</b>			
Basic and diluted		<b>(0.13)</b> <sup>1</sup>	(0.01)
<b>Weighted average number of common shares:</b>			
Basic and diluted		<b>25,695,763</b>	16,349,365

- (1) On June 24, 2024, the Company completed the Spinout Transaction and issued 16,349,365 Vizsla Royalties Shares in exchange for the 0.10 common share issued and outstanding at the close of the business day before the Effective Date (Note 1(b) and 9(b)). In addition, on August 6, 2024, the Company completed the Share Consolidation (Note 1(c)). As a result, all references to the number of common shares, weighted average number of common shares, loss per share, and number of stock options and share purchase warrants in these financial statements have been retrospectively restated to give effect to the Spinout Transaction and Share Consolidation.

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

**VIZSLA ROYALTIES CORP.**  
**Combined and Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

	Years ended April 30,	
	2025	2024
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(3,376,383)	(183,632)
Adjustments for:		
Share-based compensation	2,164,296	-
Accrued interest income	(57,205)	-
Foreign exchange (gain) loss	(2,523)	2,130
Changes in non-cash working capital:		
Taxes receivable	215,906	(2,189)
Prepaid expenses	(33,660)	-
Accounts payable and accrued liabilities	95,087	(1,452)
<b>Cash used in operating activities</b>	<b>(994,482)</b>	<b>(185,143)</b>
<b>Investing activities</b>		
Purchase of royalty interest	-	(13,138)
<b>Cash used in investing activities</b>	<b>-</b>	<b>(13,138)</b>
<b>Financing activities</b>		
Proceeds from private placement	5,192,498	-
Proceeds from warrant exercises	3,606,792	-
Proceeds from stock option exercises	6,403	-
Proceeds from Vizsla Silver option exercises	1,481	-
Proceeds received from related party	367,420	165,696
Payments made to related party	(470,081)	-
<b>Cash provided by financing activities</b>	<b>8,704,513</b>	<b>165,696</b>
Effect of exchange rate on changes in cash	(5,022)	(130)
Change in cash and cash equivalents	7,710,031	(32,585)
Cash and cash equivalents, beginning of year	22,596	55,311
<b>Cash and cash equivalents, end of year</b>	<b>7,727,605</b>	<b>22,596</b>
<b>Supplemental cash flow information:</b>		
Cash interest paid	-	-
Cash income tax paid	-	-
Fair value of shares issued for debt settlement	1,931,174	-

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

**VIZSLA ROYALTIES CORP.**
**Combined and Consolidated Statements of Changes in Shareholder's Equity (Deficiency)**

(Expressed in Canadian dollars, except number of shares)

	Common shares <sup>(1)</sup>	Share capital	Contributed deficit	Reserves	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance, April 30, 2023	16,349,365	1	(1,303,565)	-	18,423	24,428	(1,260,713)
Royalty interests	-	-	(13,138)	-	-	-	(13,138)
Currency translation differences	-	-	-	-	18,675	-	18,675
Net loss for the year	-	-	-	-	-	(183,632)	(183,632)
Balance, April 30, 2024	16,349,365	1	(1,316,703)	-	37,098	(159,204)	(1,438,808)
Shares issued for Debt Settlement Agreement	3,218,624	1,931,174	(321,862)	-	-	-	1,609,312
Shares issued for Private Placement	8,654,164	5,192,498	-	-	-	-	5,192,498
Shares issued for Vizsla Royalties Warrants exercises	6,484,947	3,242,282	-	-	-	-	3,242,282
Shares issued for Vizsla Silver Warrants exercises	286,791	366,255	-	-	-	-	366,255
Shares issued for Vizsla Silver option exercises	1,465	1,481	-	-	-	-	1,481
Shares issued for stock option exercises	24,499	15,421	-	(9,018)	-	-	6,403
Share-based compensation	-	-	-	2,164,296	-	-	2,164,296
Currency translation differences	-	-	-	-	(36,160)	-	(36,160)
Net loss for the year	-	-	-	-	-	(3,376,383)	(3,376,383)
<b>Balance, April 30, 2025</b>	<b>35,019,855</b>	<b>10,749,112</b>	<b>(1,638,565)</b>	<b>2,155,278</b>	<b>938</b>	<b>(3,535,587)</b>	<b>7,731,176</b>

(1) On June 24, 2024, the Company completed the Spinout Transaction and issued 16,349,365 Vizsla Royalties Shares in exchange for the 0.10 common share issued and outstanding at the close of the business day before the Effective Date (Note 1(b) and 9(b)). In addition, on August 6, 2024, the Company completed the Share Consolidation (Note 1(c)). As a result, all references to the number of common shares, weighted average number of common shares, loss per share, and number of stock options and share purchase warrants in these financial statements have been retrospectively restated to give effect to the Spinout Transaction and Share Consolidation.

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

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

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

Panuco Royalty Corp. (“Panuco” or the “Subsidiary”) was incorporated on January 11, 2021, under the Business Corporations Act (British Columbia) with the name Vizsla Copper Corp. as a wholly owned subsidiary of Vizsla Silver Corp. (“Vizsla Silver”). The Subsidiary changed its name (i) to 1283303 B.C. Ltd. on April 23, 2021, (ii) to Vizsla Royalty Corp. on July 9, 2021, and (iii) to Panuco Royalty Corp. on October 13, 2023.

Vizsla Royalties Corp. (“Vizsla Royalties” or the “Parent”) was incorporated on October 13, 2023 as a wholly owned subsidiary of Vizsla Silver. Vizsla Silver subsequently transferred its ownership of Panuco to Vizsla Royalties such that Panuco became a wholly owned subsidiary of Vizsla Royalties.

These financial statements present the results of the Vizsla Royalties and Panuco on a combined basis (such combined entity being referred to as the “Company”) and include the historical results of Vizsla Royalties and Panuco prior to the transfer of Panuco from Vizsla Silver to Vizsla Royalties for the year ended April 30, 2024.

The Company is a royalty-focused company holding net smelter return (“NSR”) royalties on Vizsla Silver’s wholly owned Panuco-Copala properties located in Mexico. The head office and principal address of the Company is located at suite 1723 - 595 Burrard street, Vancouver, British Columbia, V7X 1J1. As at June 24, 2024, the Company became a reporting issuer in all provinces and territories of Canada. The Company is listed on the TSX Venture Exchange under the symbol “VROYV” and on the QTCQB Venture Market under the symbol “VROYF”.

**a) Going concern**

These combined and consolidated financial statements for the years ended April 30, 2025 and 2024 (“financial statements”) have been prepared on a going-concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company’s ability to be a going concern depends on the ongoing financial support of external financing since the Company has not historically and is not expected to generate revenue in the near future. Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s activities for royalty generation are in an emerging nation and consequently may be subject to a higher level of risk compared to other developed countries. Operations, the status of mineral property rights, and the recoverability of investments in emerging nations can be affected by changing economic, legal, regulatory, and political situations.

As at April 30, 2025, the Company had working capital of \$7,731,175 (April 30, 2024 - working capital deficit of \$1,438,809). During the year ended April 30, 2025, the Company recorded a net loss of \$3,376,383 (2024 - \$183,632). The Company expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

**b) Spinout Transaction**

On June 24, 2024 (the “Effective Date”), Vizsla Silver and Vizsla Royalties completed an arrangement agreement, whereby Vizsla Silver would spin out certain common shares and common share purchase warrants of the Company to the shareholders of Vizsla Silver (the “Spinout Transaction”). Pursuant to the Spinout Transaction, the shareholders of Vizsla Silver at the Effective Date received, in exchange for each Vizsla Silver common share held at the close of the business day before the Effective Date, one-third of a Company’s common shares (the “Vizsla Royalties Shares”), one-third of a Company’s share purchase warrants (the “Vizsla Royalties Warrants”), and one new common share of Vizsla Silver (the “New Vizsla Silver Share”). As a result, Vizsla Royalties issued 16,349,365 Vizsla Royalties Shares (Note 9(b)) and 8,049,365 Vizsla Royalties Warrants (Note 9(e)) to Vizsla Silver shareholders and Vizsla Silver – 8,300,000 common shares were retained by Vizsla Silver. Each Vizsla Royalties Warrant entitles the holder to acquire one additional Vizsla Royalties Share at a price of \$0.50 per share until the earlier of: (i) 120 days after the date of a public listing, and (ii) December 31, 2025. Vizsla Silver continues to hold a number of Vizsla Royalties’ shares which represents 32.89% ownership as of April 30, 2025.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

Pursuant to the terms of the Spinout Transaction, Vizsla Silver's outstanding stock options (the Vizsla Silver Options") and share purchase warrants (the "Vizsla Silver Warrants") were adjusted as follows:

- Each outstanding Vizsla Silver Option was exchanged for: (a) one Vizsla Silver replacement option (the Vizsla Silver Replacement Options") to acquire one New Vizsla Silver Share, and (b) one Vizsla Royalties option (the Vizsla Royalties Options") to acquire one-third of Vizsla Royalties Shares. Each whole Vizsla Royalties Option has an exercise price equal to the product of the original exercise price of the Vizsla Silver Option multiplied by the fair market value of one-third of the Vizsla Royalties Share at the Effective Date, divided by the total of the fair market value of one New Vizsla Silver Share and one-third of the Vizsla Royalties Share at the Effective Date. As a result, the Company issued 2,726,624 Vizsla Royalties Options with an average exercise price of \$1.44 and will expire between June 29, 2025 and September 25, 2029 (Note 9(c)).
- Each outstanding Vizsla Silver Warrant was amended to allow the holder to acquire: (a) one New Vizsla Silver Share, and (b) one-third of Vizsla Royalties Shares at the original exercise price. Upon the exercise of the Vizsla Silver Warrants, Vizsla Silver will collect and pay to the Company an amount for each one-third of the Company issued common share that is equal to the exercise price under the Vizsla Silver Warrant multiplied by the fair market value of one-third of Vizsla Royalties Share at the Effective Date divided by the total of the fair market value of one New Vizsla Silver Share and one-third of Vizsla Royalties Share at the Effective Date.

**c) Share Consolidation**

On August 6, 2024, the Company completed a consolidation of its issued and outstanding common shares (the "Share Consolidation") on the basis of one new common share for every ten existing common shares. As a result, all references to the number of common shares, weighted average number of common shares, loss per share, and number of stock options and share purchase warrants in these financial statements have been retrospectively restated to give effect to the Share Consolidation.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on July 23, 2025.

These financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

**b) Basis of presentation**

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as set out in the accounting policies below. In addition, these financial statements have been prepared using the accrual basis of accounting other than the combined and consolidated statements of cash flows.

**c) Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollar. The financial statements are presented in Canadian dollars, except as otherwise noted. References to "US\$" or "USD" are to United States dollars and references to "MXN" are to Mexican pesos.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

**2. BASIS OF PREPARATION (continued)**

**d) Basis of consolidation**

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

A summary of the Company's subsidiaries included in these financial statements as at April 30, 2025 is as follows:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activities</b>
Canam Royalties Mexico, S.A. de C.V.	Mexico	100%	MXN	Royalty company
Panuco Royalty Corp.	Canada	100%	CAD	Royalty company

**3. MATERIAL ACCOUNTING POLICIES**

**a) Cash and cash equivalents**

Cash consists of cash on hand, deposits in banks with no restrictions, and highly liquid savings accounts. Cash equivalents include other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are deposited in major financial institutions in business accounts.

**b) Financial instruments**

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of its 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. 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 if the Company has opted to measure them at FVTPL.

A summary of the Company's classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

<b>Financial instruments</b>	<b>Classification</b>
Financial assets	
Cash and cash equivalents	Amortized cost
Interest receivable	Amortized cost
Subscription receivable	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the combined and consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the combined and consolidated statements of loss and comprehensive loss.

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

#### Financial assets at FVTOCI

Financial assets carried 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 income.

#### Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

#### Financial liabilities

The Company recognizes accounts payable and accrued liabilities and due to related party at amortized cost using the effective interest method.

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period. Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the combined and consolidated statements of loss and comprehensive loss immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

The financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged, cancelled or expire. The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

#### **c) Royalty interests**

Royalty interests consist of acquired royalty interests. These interests initially are recorded at fair value and capitalized as tangible assets with finite lives. They are subsequently measured at fair value less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific royalty are expensed in the period incurred.

Producing royalty interests are depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available information of proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement.

On acquisition of a royalty interest, an allocation of its fair value may be attributed to the exploration potential of the interest and is recorded as an exploration asset on the acquisition date. The carrying value of the exploration potential is accounted for in accordance with IFRS 6 *Exploration and Evaluation of Mineral Resources* and is not depleted until such time as the technical feasibility and commercial viability has been established, at which point the value of the asset is accounted for in accordance with IAS 16 *Property, Plant and Equipment* ("IAS 16"). Upon demonstration of the technical and commercial feasibility of a project and a development decision, the carrying value related to that project is subject to an impairment test and is reclassified in accordance with IAS 16.

#### **d) Share-based compensation**

The Company has a stock option plan, which allows grants of options and performance share units ("PSU") to purchase common shares by the Company's directors, officers, employees, and consultants. The Company accounts for the stock options at their fair value and recognizes the cost as compensation expense over the vesting period, with the offset recorded to stock options and warrants reserve. The amount recognized as share-based compensation expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

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

The fair value of options granted to directors and employees is measured using the Black-Scholes option pricing model on the date of issuance. Share-based compensation to non-employees are measured at the fair value of the goods or services received, or at the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received.

Consideration received on the exercise of stock options is recorded as share capital, and the amount previously recognized in stock options and warrants reserves is transferred to share capital. For options that expire unexercised, the initial fair value recorded remains in stock options and warrants reserve.

The Company may grant PSUs to directors, officers, and employees. Each PSU represents an entitlement to one common share of the Company, upon vesting. PSUs are redeemable for the issuance of shares only on the date of exercise. The Company measures the share-based compensation expense based on the quoted market price of the Company's common shares on the grant date and recognizes the expense over the vesting period, with a corresponding increase in reserves. When PSUs are exercised, the initial recorded value is reversed from reserves and credited to share capital.

#### **e) Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method.

#### **f) Income tax**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent it relates to items recognized directly in equity.

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

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **g) New accounting standards and interpretations**

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after May 1, 2024:

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

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

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

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

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

#### Pronouncements issued but not yet effective

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

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

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

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

The preparation of the combined and consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's critical judgement and significant estimates has been applied include:

#### **a) Fair value of common shares and common share purchase warrants issued for royalty interests acquired pursuant to the Spinout Transaction**

Management assessed the fair value of common shares and common share purchase warrants issued for royalty interests acquired pursuant to the Spinout Transaction. Management applied judgement in determining the appropriate fair value attributable to common shares based on the fair value of royalty interests transferred from Vizsla Silver to the Company, with any residual value will be attributed to common share purchase warrants.

#### **b) Fair value of share-based compensation**

The fair value of share-based compensation in relation to the options granted is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected life of options, rate of forfeiture of options granted, risk-free interest rate used and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

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

**c) Assessing whether deferred tax assets and liabilities are recognized in accordance with IAS 12 *Income taxes***

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

**5. CASH AND CASH EQUIVALENTS**

On August 12, 2024, the Company acquired a short-term investment held with a reputable bank in Canada for \$2,000,000. The short-term investment bears an annual interest rate of 4.00% and matures on June 9, 2025. As at April 30, 2025, the balance of the short-term investment of \$2,000,000 (April 30, 2024 - \$nil) was included in cash and cash equivalents on the Company's statement of financial position. The short-term investment is redeemable anytime before maturity at the discretion of the Company. During the year ended April 30, 2025, the Company accrued interest income on the short-term investment of \$57,205 (2024 - \$nil).

On October 7, 2024, the Company acquired a short-term investment held with a reputable bank in Canada for \$2,000,000. The short-term investment bears an annual interest rate of 4.58% and matured on November 6, 2024. During the year ended April 30, 2025, the Company recorded interest income on the short-term investment of \$7,529 (2024 - \$nil).

On January 10, 2025, the Company acquired a short-term investment held with a reputable bank in Canada for \$3,000,000. The short-term investment bears an annual interest rate of 3.55% and matured on March 11, 2025. During the year ended April 30, 2025, the Company recorded interest income on the short-term investment of \$17,507 (2024 - \$nil).

On April 3, 2025, the Company acquired a short-term investment held with a reputable bank in Canada for \$3,000,000. The short-term investment bears an annual interest rate of 2.95% and matured on April 17, 2025. During the year ended April 30, 2025, the Company recorded interest income on the short-term investment of \$3,395 (2024 - \$nil).

On April 30, 2025, the Company acquired a short-term investment held with a reputable bank in Canada for \$3,000,000. The short-term investment bears an annual interest rate of 3.00% and matures on May 15, 2025. As at April 30, 2025, the balance of the short-term investment of \$3,000,000 (April 30, 2024 - \$nil) was included in cash and cash equivalents on the Company's statement of financial position. During the year ended April 30, 2025 and 2024, the Company recorded accrued interest income on the short-term investment of \$nil.

**6. TAXES RECEIVABLE**

A summary of the Company's taxes receivable is as follows:

	<b>April 30, 2025</b>	April 30, 2024
	<b>\$</b>	<b>\$</b>
Mexican VAT in connection with purchase of royalty interests (Note 7)	<b>21,310</b>	265,831

## VIZSLA ROYALTIES CORP.

### Notes to the Combined and Consolidated Financial Statements

#### For the years ended April 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

## 7. ROYALTY INTERESTS

On February 25, 2022, the Company signed two agreements to purchase a 0.5% and 2.0% NSR on properties that are part of the Panuco-Copala properties in Mexico from Minera Canam S.A. de C.V. ("Minera Canam"), a subsidiary of Vizsla Silver. The Company paid US\$100,000 for the 0.5% NSR and US\$900,000 for the 2.0% NSR.

On November 16, 2022, the Company signed three agreements to purchase a 2.0% NSR royalty on multiple properties that are part of the Panuco-Copala properties in Mexico from Minera Canam for the following payments:

- US\$3,500 for the 2.0% royalty on the La Cruz Negra and La Cruz Negra 2 properties.
- US\$2,000 for the 2.0% royalty on the San Antonio property.
- US\$5,000 for the 2.0% royalty on the Maria Chuchena property.

On July 23, 2023, the Company signed an agreement to purchase a 2.0% NSR royalty on multiple properties that are part of the Panuco-Copala properties in Mexico from Minera Canam. On October 26, 2023, the Company paid US\$10,000 for the 2.0% royalty on the El Oregano, El Oregano 2, and Dos Compadres properties.

The purchase of the NSR from Minera Canam by the Company was a transaction between parties under common control. Accordingly, the royalty interests were recorded at fair value which was determined to be \$1. For the year ended April 30, 2024, the difference between the fair value and the agreed consideration of \$13,138 (US\$10,000) is recorded as contributed deficit in equity.

## 8. DUE TO RELATED PARTY

A summary of the Company's due to related party with Vizsla Silver, the Company's significant shareholder, is as follows:

	\$
Balance, April 30, 2023	1,546,277
Additions	165,696
Balance, April 30, 2024	1,711,973
Additions	367,420
Debt settlement agreement	(1,609,312)
Payments	(470,081)
<b>Balance, April 30, 2025</b>	<b>-</b>

On July 3, 2024, the Company entered into a debt settlement agreement (the "Debt Settlement Agreement") with Vizsla Silver to settle the outstanding debt balance of \$1,609,312 by issuing the Company's common shares. On July 18, 2024, the Company issued 3,218,624 common shares to Vizsla Silver to settle the fair value of the outstanding debt balance (Note 9(b)).

On July 29, 2024, the Company settled the remaining outstanding balance due to Vizsla Silver by making a cash payment of \$470,081. As at April 30, 2025, the due to related party balance is \$nil (April 30, 2024 - \$1,711,973). Amounts due to related party are unsecured, non-interest bearing, and are repayable on demand.

## 9. SHARE CAPITAL

On August 6, 2024, the Company completed a consolidation of its issued and outstanding common shares (the "Share Consolidation") on the basis of one new common share for every ten existing common shares. As a result, all references to the number of common shares, weighted average number of common shares, loss per share, and number of stock options and share purchase warrants in these financial statements have been retrospectively restated to give effect to the Share Consolidation.

### a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

**9. SHARE CAPITAL (continued)**

**b) Issued share capital**

During the year ended April 30, 2025, the Company had the following share capital transactions:

- On June 24, 2024, pursuant to the completion of the Spinout Transaction, 0.10 common share of the Company held by Vizsla Silver was cancelled and the related value of \$1 was reclassified to contributed deficit.
- On June 24, 2024, pursuant to the completion of the Spinout Transaction, the Company issued 16,349,365 common shares of which 8,300,000 common shares with value of \$0.51 were issued to Vizsla Silver and 8,049,365 with a value of \$0.49 were issued to Vizsla Silver's shareholders. The underlying common shares were issued to replace the 0.10 common share issued and outstanding as at April 30, 2024 and 2023 for corporate restructuring purposes. As a result, the previously reported number of issued and outstanding common shares as at April 30, 2024 and 2023 of 0.10 was amended to 16,349,365.
- On July 18, 2024, the Company issued 3,218,624 common shares to Vizsla Silver at a price on the settlement date of \$0.60 per share for total of \$1,931,174 to settle the amount due to Vizsla Silver of \$1,609,312 pursuant to the Debt Settlement Agreement (Note 8). As a result, the Company recorded a loss on the Debt Settlement Agreement of \$321,862 under contributed deficit on the combined and consolidated statement of financial position as at April 30, 2025.
- On July 29, 2024, the Company closed the first tranche of a non-brokered private placement (the "Private Placement") and issued 8,279,164 common shares at a price of \$0.60 per share for gross proceeds of \$4,967,498.
- On August 1, 2024, the Company closed the second and final tranche of the Private Placement and issued 375,000 common shares at a price of \$0.60 per share for gross proceeds of \$225,000.
- During the year ended April 30, 2025, the Company issued in total 6,484,947 common shares pursuant to Vizsla Royalties Warrant exercises at an exercise price of \$0.50 for aggregate proceeds of \$3,242,282.
- During the year ended April 30, 2025, in connection with the terms of the Spinout Transaction (Note 1(b)), the Company issued in total 286,791 common shares pursuant to Vizsla Silver Warrant exercises at a weighted average exercise price of \$1.28 for total gross proceeds of \$366,255 of which \$941 is included in subscription receivable from Vizsla Silver.
- During the year ended April 30, 2025, the Company issued 1,465 common shares pursuant to the exercise of 1,465 Vizsla Silver stock options for gross proceeds of \$1,481 of which \$804 is included in subscription receivable from Vizsla Silver.
- During the year ended April 30, 2025, the Company issued 24,499 common shares pursuant to the exercise of 24,499 stock options of the Company for gross proceeds of \$15,421. The \$9,018 fair value attributed to the options exercised was reclassified from reserves to share capital.

During the year ended April 30, 2024, the Company had no share capital transactions.

**c) Stock options**

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

	Number of stock options	Weighted average exercise price
	#	\$
Balance, April 30, 2024 and 2023	-	-
Granted (Note 1(b))	2,726,624	1.44
Exercised	(24,499)	0.26
Expired	(2,000)	0.26
Cancelled	(5,504)	0.38
<b>Outstanding, April 30, 2025</b>	<b>2,694,621</b>	<b>1.45</b>
<b>Exercisable, April 30, 2025</b>	<b>1,518,021</b>	<b>1.14</b>

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

**9. SHARE CAPITAL (continued)**

A summary of the Company's stock options outstanding as at April 30, 2025, is as follows:

Date of expiry	Number of stock options #	Weighted average exercise price \$	Weighted average remaining life Years
June 29, 2025	5,334	0.27	0.16
August 6, 2025	49,667	0.38	0.27
October 1, 2025	2,000	0.32	0.42
December 1, 2025	3,333	0.32	0.59
January 12, 2026	2,000	0.34	0.70
February 17, 2026	58,924	0.33	0.70
June 22, 2026	111,497	0.39	1.15
July 12, 2026	7,333	0.40	1.20
July 27, 2026	4,634	0.40	1.24
September 24, 2026	65,833	0.40	1.40
February 1, 2027	333	0.40	1.76
June 2, 2027	15,233	0.35	2.09
February 10, 2028	57,000	0.34	2.78
May 19, 2028	107,665	0.34	3.05
November 15, 2028	13,334	0.32	3.55
November 15, 2028	8,333	0.33	3.55
February 26, 2029	20,167	0.21	3.83
June 12, 2029	201,001	0.40	4.12
September 25, 2029	1,961,000	1.86	4.41
	<b>2,694,621</b>	<b>1.45</b>	<b>3.88</b>

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the year ended April 30, 2025 is as follows:

Share price	\$0.67
Exercise price	\$1.45
Risk-free interest rate	3.73%
Expected life	2.52 years
Expected volatility	100.17%
Expected annual dividend yield	0.00%

During the year ended April 30, 2025, the Company granted in total 2,726,624 stock options to directors, officers, and consultants with a weighted average exercise price of \$1.44 and vesting terms ranging from a one-year to two-year period from the date of grant.

During the year ended April 30, 2025, 24,499 stock options were exercised with a weighted average share price on the date of exercise of \$1.68 (2024 - \$nil).

The risk-free rate of periods within the expected life of the stock options is based on the Canadian government bond rate. The annualized volatility assumptions are based on the historical results of benchmark companies.

During the year ended April 30, 2025, the Company recorded share-based compensation related to options granted of \$2,164,296 (2024 - \$nil).

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

**d) Performance share units**

On April 1, 2025, the Company adopted an omnibus equity incentive compensation plan (the “Omnibus Plan”) to replace the Company’s existing stock option plan, which is subject to approval of the TSX Venture Exchange.

On April 11, 2025, pursuant to the terms of the Omnibus Plan, the Company granted 2,800,000 PSUs to officers, directors, employees and consultants of the Company. The PSUs have a fair value of \$1.85 per share, vest after one year, contingent on the achievement of specific performance targets. If the performance conditions are met, each vested PSU entitles the holder to receive one common share of the Company or receive cash at the discretion of the Company’s Board of Directors. As of April 30, 2025, approval has not been granted.

**e) Share purchase warrants**

A summary of the Company’s share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, April 30, 2024 and 2023	-	-
Issued (Note 1(b))	8,049,365	0.50
Exercised (Note 9(b))	(6,484,947)	0.50
Expired	(1,564,418)	0.50
<b>Balance, April 30, 2025</b>	<b>-</b>	<b>-</b>

On June 19, 2024, in connection with the Spinout Transaction (Note 1(b)), the Company issued 8,049,365 Vizsla Royalties Warrants. The Company attributed \$1 to share capital and a residual value of \$nil to the Vizsla Royalties Warrants issued. Each Vizsla Royalties Warrant entitles the holder to acquire one additional Vizsla Royalties Share at a price of \$0.50 per share until the earlier of: (i) 120 days after the date of a public listing, and (ii) December 31, 2025.

During the year ended April 30, 2025, the weighted average share price on the date of share purchase warrant exercises was \$1.65 (2024 - \$nil).

**10. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors, officers and companies controlled by key management personnel.

A summary of the Company’s related party transactions is as follows:

	Years ended April 30,	
	2025	2024
	\$	\$
Directors’ fees	178,750	-
Management fees	192,633	-
Office and miscellaneous	27,067	-
Rent expenses	45,000	-
Share-based compensation	1,393,049	-
	<b>1,836,499</b>	<b>-</b>

As at April 30, 2025, the Company had \$23,839 (April 30, 2024 - \$nil) due to related parties, which is included in accounts payable and accrued liabilities. The amounts are unsecured, due on demand, and are non-interest bearing.

As at April 30, 2025, the Company had \$7,875 (April 30, 2024 – \$nil) in prepaid rent to a related company under common control, included in prepaid expenses.

## **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, interest receivable, subscriptions receivable, accounts payable and accrued liabilities, and due to related party. The carrying values of cash and cash equivalents, interest receivable, subscriptions receivable, accounts payable and accrued liabilities, and due to related party approximate their respective fair values due to the short-term nature of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's primary exposure to credit risk is through its cash and cash equivalents, interest receivable and subscriptions receivable. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. The Company manages its credit risk relating to cash and cash equivalents through the use of major financial institutions which have a high credit quality as determined by rating agencies. Cash and cash equivalents are held with reputable banks in Canada and Mexico. The Company assesses its credit risk as low.

### **b) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities and subscription liabilities. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no sources of revenue and has obligations to settle its accounts payable and accrued liabilities and subscription liabilities. The Company manages this risk by careful management of its working capital to ensure the Company's expenditure will not exceed available resources. As at April 30, 2025, the Company had a working capital surplus of \$7,731,175 (April 30, 2024 - working capital deficit of \$1,438,809). The Company assesses its liquidity risk as low.

### **c) Foreign exchange risk**

Foreign exchange risk is the risk that a variation in exchange rates between the Canadian dollar, the United States dollar, and Mexican Peso will affect the Company's operations and financial results. The Company and its subsidiaries are exposed to foreign exchange risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

The Company measures the effect on total assets or total receipts of reasonably foreseen changes in foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. A 1% change in the foreign exchange rate between the CAD to the MXN and the USD would increase the net loss and comprehensive loss for the year ended April 30, 2025, by approximately \$2,263 (2024 - \$2,875).

## **12. CAPITAL MANAGEMENT**

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Company's approach to capital management during the year ended April 30, 2025. In the management of capital, the Company includes the components of shareholder's equity. As at April 30, 2025, the Company is not subject to externally imposed capital requirements.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

**13. INCOME TAX**

**a) Income tax recovery**

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended April 30, 2025 and 2024, is as follows:

	2025	2024
	\$	\$
Loss before income tax	(3,376,383)	(183,632)
Combined federal and provincial statutory income tax rates	27%	27%
Expected income tax recovery	(911,623)	(49,581)
Foreign tax rate difference	(927)	(107)
Inflation adjustments	(2,729)	(4,153)
Non-deductible expenditures and non-taxable revenues	617,782	-
Foreign exchange difference	62,313	(31,626)
Change in unrecognized deferred tax assets	235,184	85,467
<b>Income tax recovery</b>	<b>-</b>	<b>-</b>

**b) Deferred taxes**

The deferred tax assets and liabilities reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized temporary differences as at April 30, 2025 and 2024 are comprised of the following:

	2025	2024
	\$	\$
Non-capital losses carry forward	2,350,014	1,774,528
Intangible assets	348,726	89,875
Share issuance costs	37,486	-
<b>Unrecognized temporary differences</b>	<b>2,736,226</b>	<b>1,864,403</b>

As at April 30, 2025, the Company has accumulated non-capital losses of \$851,268 in Canada (April 30, 2024 - \$90,205) for income tax purposes, which may be carried forward to reduce taxable income in future years. The Canadian non-capital losses will, if unused, expire from 2044 to 2045. The Company has non-capital losses in Mexico of \$1,498,746 (April 30, 2024 - \$1,684,323) which carry forward and will expire from 2032 to 2035.

**14. SUBSEQUENT EVENTS**

On June 12, 2025, the Company entered into a royalty purchase agreement (the "Purchase Agreement") with Grupo Minero Bacis, S.A. de C.V to acquire an additional 3.0% NSR on certain concessions (the "Silverstone Concessions") comprising the Panuco-Copala silver-gold project located in State of Sinaloa, Mexico.

Under the terms of the Purchase Agreement, the Company will exercise the right to repurchase 50% of the 3.0% NSR for US\$1.95 million and will purchase the remaining 50% of the 3.0% NSR for US\$38.05 million, for a total cash consideration of US\$40 million. On June 13, 2025, pursuant to the Purchase Agreement, the Company paid US\$40,000,000 for the purchase of the Silverstone Concessions.

On June 12, 2025, the Company entered into an agreement with CIBC Capital Markets ("CIBC"), as lead bookrunner and underwriter, on its own behalf and on behalf of a syndicate of underwriters (the "Underwriters"). Pursuant to the agreement, the Underwriters have agreed to purchase 27,400,000 common shares (the "Shares") of the Company at a price of \$2.00 per share for aggregate gross proceeds of \$54,800,000 (the "Offering"). In addition, the Underwriters exercised an option to purchase an additional 15% of the Shares sold under the Offering (the "Over-allotment Option") for 4,110,000 Shares at a price of \$2.00 per share for gross proceeds of \$8,220,000. In consideration for the services provided by the Underwriters, the Company paid a cash commission equal to 5% of the gross proceeds. The Company also paid CIBC an advisory fee of \$683,650 (US\$500,000), which was satisfied by the issuance of 341,825 common shares at a deemed price of \$2.00. The net proceeds of the Offering will be used for the cash consideration for the acquisition of the Silverstone Concessions and for general corporate purposes.

**VIZSLA ROYALTIES CORP.**  
**Notes to the Combined and Consolidated Financial Statements**  
**For the years ended April 30, 2025 and 2024**  
(Expressed in Canadian dollars, except where noted)

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**14. SUBSEQUENT EVENTS (continued)**

On June 13, 2025, the Company amended its Omnibus Plan to increase the maximum issuable number of PSUs, deferred share units ("DSUs"), and restricted share units ("RSUs") from 2,800,589 to 5,322,798. Pursuant to the Omnibus Plan, the Company granted 3,961,850 stock options at an exercise price of \$2.35 and 2,522,780 RSUs to directors, officers, employees, and consultants of the Company. The stock options are exercisable for a period of five years and vest over two years, and the RSUs will vest in three equal annual instalments commencing on the first anniversary of the grant date. The Omnibus Plan and issuances granted under the Omnibus Plan are subject to approvals of the TSX Venture Exchange and disinterested shareholders.

On June 26, 2025, the Company's common shares began trading on the Frankfurt Stock Exchange under the symbol "K2X".

Subsequent to the year ended April 30, 2025, the Company issued 62,651 common shares pursuant to the exercise of 62,651 stock options and 5,945 common shares pursuant to the exercise of Vizsla Silver Warrants.