

Interim Condensed Consolidated Financial Statements of

EARTHLABS



September 30, 2024
(Unaudited - Prepared in Canadian dollars)

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EARTHLABS INC.

Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2024 and December 31, 2023

(Unaudited - prepared in Canadian dollars)

	Notes	September 30, 2024	December 31, 2023
Assets			
Current			
Cash and cash equivalents	7	\$ 4,827,676	\$ 5,227,657
Due from brokers		554,255	485,949
Accounts receivable, net of expected credit losses (ECL)	4, 23(a)	394,406	120,253
Investments, at fair value	5, 23(b)	36,734,753	35,091,151
Equity investment	6, 15(c)	2,107,967	2,138,352
Sales tax recoverable		57,561	57,241
Income tax receivable		263,994	854,023
Prepays	8	349,647	272,792
		45,290,259	44,247,418
Property, equipment and right-of-use assets	9	1,175,154	1,252,737
Intangible assets	10	2,882,807	3,127,000
Goodwill	11	624,290	624,290
		\$ 49,972,510	\$ 49,251,445
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	15(g)	\$ 1,432,273	\$ 1,287,021
Sales tax payable		112,110	40,874
Deferred revenue	12	2,915,271	1,921,102
Lease liabilities	13	137,013	123,382
Promissory note	3	268,698	254,513
		4,865,365	3,626,892
Promissory note	3	766,950	726,458
Deferred tax liabilities	14	663,156	204,690
Non-current lease liabilities	13	927,166	1,031,772
		7,222,637	5,589,812
Equity			
Share capital	16	46,534,758	46,426,591
Contributed surplus	16(b)	6,005,946	5,797,766
Deficit		(9,790,831)	(8,562,724)
		42,749,873	43,661,633
		\$ 49,972,510	\$ 49,251,445

Commitments and contingencies

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

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EARTHLABS INC.**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss****Three And Nine Months Ended September 30,****(Unaudited - prepared in Canadian dollars)**

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
Revenue					
Advertising		\$ 1,405,283	\$ 440,430	\$ 4,265,753	\$ 1,529,244
Subscriptions		310,090	212,268	914,697	645,291
Sales of exploration maps		35,027	49,929	140,108	189,428
Net investment gains (losses)	18	944,686	(3,749,013)	3,827,914	(1,014,059)
Other income	15(b), 19	98,654	234,629	575,882	735,380
		<u>2,793,740</u>	<u>(2,811,757)</u>	<u>9,724,354</u>	<u>2,085,284</u>
Expenses					
Operating, general and administrative	15(a), 20	2,776,548	3,380,167	8,099,814	7,101,915
Research and development		840,751	394,078	2,430,756	1,246,097
Finance expenses	3, 13	36,125	4,134	109,911	13,831
		<u>3,653,424</u>	<u>3,778,379</u>	<u>10,640,481</u>	<u>8,361,843</u>
Loss from equity investment	6	<u>(13,874)</u>	<u>(14,821)</u>	<u>(30,385)</u>	<u>(90,854)</u>
Loss before income taxes		<u>(873,558)</u>	<u>(6,604,957)</u>	<u>(946,512)</u>	<u>(6,367,413)</u>
Income tax expense (recovery)	14	(2,022)	(737,110)	281,595	(964,357)
Net loss and comprehensive loss for the period		<u>\$ (871,536)</u>	<u>\$ (5,867,847)</u>	<u>\$ (1,228,107)</u>	<u>\$ (5,403,056)</u>
<hr/>					
Loss per common share for the period	16(c)				
Basic and diluted		<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
<hr/>					
Weighted average number of common shares outstanding					
Basic and diluted	16(c)	137,568,449	137,388,527	137,467,187	137,281,860

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

EARTHLABS INC.**Interim Condensed Consolidated Statements of Changes in Equity****Nine Months Ended September 30,****(Unaudited - prepared in Canadian dollars)**

	Notes	Number of shares	Share capital	Contributed surplus	Warrants	Retained earnings (deficit)	Total equity
Balance at December 31, 2022		136,555,193	\$ 46,148,258	\$ 3,845,559	\$ 41,051	\$ 8,060,959	\$ 58,095,827
Net loss and comprehensive loss for the period		-	-	-	-	(5,403,056)	(5,403,056)
Issued pursuant to exercise of options	16(b)	833,334	278,333	(128,333)	-	-	150,000
Reallocation of expired warrants		-	-	41,051	(41,051)	-	-
Stock-based compensation expense	16(b)	-	-	1,948,515	-	-	1,948,515
Balance at September 30, 2023		137,388,527	\$ 46,426,591	\$ 5,706,792	\$ -	\$ 2,657,903	\$ 54,791,286
Balance at December 31, 2023		137,388,527	\$ 46,426,591	\$ 5,797,766	\$ -	\$ (8,562,724)	\$ 43,661,633
Net loss and comprehensive loss for the period		-	-	-	-	(1,228,107)	(1,228,107)
Issued pursuant to exercise of options	16(b)	166,666	58,167	(24,834)	-	-	33,333
Issued pursuant to acquisition of social media accounts		243,902	50,000	-	-	-	50,000
Stock-based compensation expense	16(b)	-	-	233,014	-	-	233,014
Balance at September 30, 2024		137,799,095	\$ 46,534,758	\$ 6,005,946	\$ -	\$ (9,790,831)	\$ 42,749,873

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

EARTHLABS INC.

Interim Condensed Consolidated Statements of Cash Flows Nine Months Ended September 30, (Unaudited - prepared in Canadian dollars)

	Notes	2024	2023
Cash flows used in operating activities			
Net loss for the period		\$ (1,228,107)	\$ (5,403,056)
Items not affecting cash			
Net investment losses (gains)	18	(3,827,914)	1,014,059
Loss from equity investment	6	30,385	90,854
Non-cash interest expense		27,243	-
Stock-based compensation expense	16(b)	233,014	1,948,515
Amortization and depreciation		407,363	904,751
Provision for expected credit losses		102,000	78,017
Finance expense		109,911	13,831
Deferred tax expense		458,466	(324,233)
Acquisition of social media accounts		50,000	-
		(3,637,639)	(1,677,262)
Changes in non-cash working capital balances			
Proceeds on disposition of investments		9,456,295	9,124,597
Purchases of investments		(7,271,983)	(19,384,067)
Decrease (increase) in due from brokers		(68,306)	2,781,416
Increase in accounts receivable, net of expected credit losses (ECL)		(376,153)	(21,643)
Increase in sales tax recoverable		(320)	(37,472)
Decrease (increase) in income tax receivable		590,029	(684,585)
Decrease (increase) in prepaids		(76,855)	6,103
Increase (decrease) in accounts payable and accrued liabilities		145,252	(207,642)
Increase (decrease) in sales tax payable		71,236	(370,773)
Increase in deferred revenue		994,169	700,641
Decrease in income tax payable		-	(1,009,220)
		(174,275)	(10,779,907)
Cash flows from (used in) financing activities			
Proceeds pursuant to exercise of options		33,333	150,000
Principal payments of lease liabilities, including deposit	13	(173,452)	(52,160)
		(140,119)	97,840
Cash flows used in investing activities			
Purchases of property and equipment	9	(85,587)	(24,107)
Purchases of internal generated intangible assets	10	-	(263,834)
		(85,587)	(287,941)
Net decrease in cash and cash equivalents during the period		(399,981)	(10,970,008)
Cash and cash equivalents, beginning of period		5,227,657	25,346,049
Cash and cash equivalents, end of period		\$ 4,827,676	\$ 14,376,041

Supplemental cash flow information

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EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

1. Nature of business:

EarthLabs Inc. ("EarthLabs" or the "Company") was incorporated under the *Canada Business Corporations Act* on May 1, 2017. On February 21, 2019, the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "SPOT". The Company also trades on the OTCQX Best Market under the symbol "SPOFF" and on the Frankfurt Stock Exchange under the symbol "8EK0". The Company's head office is at 69 Yonge Street, Suite 200, Toronto, Ontario, M5E 1K3.

EarthLabs is a mining investment, technology and media company that aims to provide strategic leverage to the metals and mining sector through investments, royalties and a full suite of data-driven media SaaS tools and services.

These interim condensed consolidated financial statements were approved for issuance by the Company's board of directors on November 28, 2024.

2. Basis of preparation:

(a) Statement of compliance:

These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 should be read together with the annual financial statements as at and for the year ended December 31, 2023. The same material accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2023.

Effective on January 1, 2024, the Company adopted amendments to IAS 1, *Presentation of Financial Statements*, the amendments to IAS 1 clarify the impact of loan arrangement covenants on the classification of liabilities as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The adoption of these amendments did not have any impact on the Company's interim condensed consolidated financial statements.

Effective on January 1, 2024, the Company adopted amendments to IFRS 16, *Leases*, the amendments to IFRS 16 adds subsequent measurement requirements for sale and lease back transactions for seller-lessees. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The adoption of these amendments did not have any impact on the Company's interim condensed consolidated financial statements.

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

(b) Basis of presentation:

These interim condensed consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”).

(c) Basis of consolidation:

These interim condensed consolidated financial statements include the financial statements of EarthLabs and its wholly-owned operating subsidiaries, CEO.CA Technologies Ltd. (“CEO.CA”), EarthLabs Media Inc. (“ELM”) (formerly Resource Quantamental Corp.), DigiGeoData Inc. (“DigiGeoData”), and Chairman Ventures Inc. (formerly 14101634 Canada Inc.).

On December 1, 2023, ELM acquired 100% of The Northern Miner Group (see Note 3). The operating results, cashflows and net assets of these subsidiaries have been consolidated in the Company’s consolidated financial statements from the date of acquisition.

(d) Equity investment:

The Company accounts for equity investments using the equity method. Under the equity method, the Company’s investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company’s share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company’s share of an associate’s losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company’s share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company’s investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate’s operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs of disposal and value in use (i.e., present value of its future cash flows).

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

As at September 30, 2024, the Company holds a 27.5% (December 31, 2023 – 27.5%) interest in Golden Planet Mining Corp. (“GPM”), has representation on its board and has shared management. Thus, the Company has significant influence over GPM. Golden Planet Mining Corp has a December 31 year-end, which is the same year-end as the Company. See Note 6 and 15(c).

(e) Critical accounting judgments, estimates and assumptions:

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim condensed consolidated financial statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2023.

3. Acquisition of The Northern Miner Group:

On December 1, 2023, the Company acquired certain assets from Glacier RIG Ltd. (a wholly-owned subsidiary of Glacier Media Inc.), The Northern Miner Group (“TNM Group”), a leading group of mining media brands including The Northern Miner (“TNM”), Canadian Mining Journal (“CMJ”) and MINING.COM. The consideration for the acquisition of the TNM Group consisted of the aggregate cash payment of \$4,000,000, subject to working capital adjustments. The cash payment comprised of (i) an initial deposit of \$200,000 paid upon signing of the Definitive Agreement; (ii) a cash payment equal to \$2,300,000 payable at the time of closing; and (iii) a promissory note in the aggregate principal amount of \$1,500,000 payable over two years and which is secured by a general security agreement against the assets of EarthLabs.

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)**

3. Acquisition of The Northern Miner Group (continued):

In connection with the acquisition, (i) the parties entered into a transition services agreement which provides for a timely and efficient transfer of the TNM, CMJ and MINING.COM operations; and (ii) Glacier RIG Ltd executed a non-competition and non-solicitation agreement with EarthLabs. There was no finder's fees associated with the acquisition and the Company did not assume any material debt from Glacier RIG Ltd.

As at December 1, 2023, the Company has a promissory note due to Glacier RIG Ltd. totaling \$1,039,724 (fair value of \$975,076), net of working capital adjustments. The promissory note was fair valued at an effective discount rate of 7.5%. The promissory note is payable over two years and bears interest at a rate of 3.5% per annum, payable annually. As at September 30, 2024, the carrying-value of the promissory note was \$1,035,648 (December 31, 2023 - \$980,971). For the three and nine months ended September 30, 2024, the Company recorded accrued interest expense of \$9,147 and \$27,243 (three and nine months ended September 30, 2023 – Nil), respectively, and a finance accretion expense of \$9,408 and \$27,434, respectively, in the interim condensed consolidated statements of loss and comprehensive loss.

The transaction was accounted for as a business combination using the acquisition method of accounting under the provision of IFRS 3 – Business Combination, as the operations of TNM Group meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired and liabilities assumed are recorded at fair value. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of TNM Group.

At acquisition date on December 1, 2023, the Company has allocated the purchase price as follows:

Consideration	
Cash consideration	\$ 2,500,000
Fair value of net promissory note	975,076
Total consideration	\$ 3,475,076
Net assets acquired	
Prepaid expenses	\$ 49,845
Property and equipment	11,063
Accrued liabilities	(164,913)
Deferred revenue	(195,209)
Intangible assets	3,150,000
Net assets at fair value, as at December 1, 2023	\$ 2,850,786
Goodwill	\$ 624,290

The goodwill generated as a result of this acquisition relates to other intangible assets such as workforce and synergies that do not qualify for separate recognition. No goodwill for TNM Group acquisition is expected to be deductible for tax purposes.

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

3. Acquisition of The Northern Miner Group (continued):

The intangible assets acquired comprises of the trade name/brand of \$1,330,000, developed technology with a fair value of \$60,000 and customer relationships with a fair value of \$1,760,000.

The fair values were determined using a discounted cash flow analysis with the following assumptions:

Assumptions	Trade name/ brand	Intangible assets	
		Developed technology	Customer relationships
Discount rate	12.0%	11.5%	11.5%-12.0%
% revenue associated	17.5%-61.0%	100.0%	65.0%
Pre-tax royalty rate	3.0%-5.0%	1.0%	n/a
Life of the intangible asset	Indefinite	5 years	1.25-15 years
Customer attrition rate	n/a	n/a	20.0%
Income tax rate	26.5%	26.5%	26.5%

Had the acquisition occurred on January 1, 2023, the Company's revenue for the three and nine months ended September 30, 2023 would have been higher by \$700,815 and \$2,331,483, respectively.

4. Accounts receivable, net of expected credit losses:

Accounts receivable primarily consists of receivables relating to advertising services, subscriptions and sales of digital maps. Accounts receivable, net of expected credit losses consist of the following as at September 30, 2024 and December 31, 2023 (See Note 23(a)):

	September 30, 2024	December 31, 2023
Accounts receivable	\$ 651,978	\$ 275,825
Expected credit loss provision	(257,572)	(155,572)
	\$ 394,406	\$ 120,253

5. Investments, at fair value and financial instruments hierarchy:

(a) The fair value and cost of investments, at fair value are as follows as at September 30, 2024 and December 31, 2023:

	Fair Value	Cost
September 30, 2024	\$ 36,734,753	\$ 31,615,439
December 31, 2023	\$ 35,091,151	\$ 32,870,183

(b) As at September 30, 2024, included in investments, at fair value were securities of private companies with a fair value totaling \$6,878,367 (cost of \$6,172,016) (December 31, 2023 – \$9,028,586 and cost of \$9,602,304) measured in accordance with the Company's accounting policy for private company investments.

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)**

5. Investments at fair value and financial instruments hierarchy (continued):

(c) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2.

The following table presents the Company's investments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at September 30, 2024 and December 31, 2023:

Investments, at fair value	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique – observable market	Valuation technique – non-observable market inputs	
September 30, 2024	\$ 22,947,440	\$ 6,908,946	\$ 6,878,367	\$ 36,734,753
December 31, 2023	\$ 18,695,232	\$ 7,367,333	\$ 9,028,586	\$ 35,091,151

Level 2 includes warrants of public issuers and common stock of public issuers, whose resale is currently restricted. These securities typically have a 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities.

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

5. Investments at fair value and financial instruments hierarchy (continued):

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the nine months ended September 30, 2024 and year ended December 31, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the interim condensed consolidated statements of loss and comprehensive loss.

	Opening balance at January 1,	Purchases	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
September 30, 2024	\$ 9,028,586	\$ 869,712	\$ (3,487,000)	\$ 467,069	\$ 6,878,367
December 31, 2023	\$ 3,162,783	\$ 7,116,568	\$ (550,000)	\$ (700,765)	\$ 9,028,586

Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. These represents the only type of transfer between Levels during the reporting periods.

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

	Fair value at September 30, 2024	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 780,527	New investment	Recent acquisition price	2.1	Recent transaction price
Unlisted private equities	6,049,784	Recent transaction calibration	Recent transaction calibration	16.5	Recent transaction price – market trends
Unlisted warrants	48,056	Black Scholes valuation model	Market prices, volatility, discount rate	0.1	133.8% volatility
	\$ 6,878,367			18.7	

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

5. Investments at fair value and financial instruments hierarchy (continued):

	Fair value at December 31, 2023	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable
Unlisted private equities	\$ 5,524,033	New investment	Recent acquisition price	15.7	Recent transaction price
Unlisted private equities	3,037,553	Recent transaction calibration	Recent transaction calibration	8.7	Recent transaction price – market trends
Unlisted warrants	467,000	Black Scholes valuation model	Market prices, volatility, discount rate	1.3	138.5% volatility
	\$ 9,028,586			25.7	

For investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of this investment will result in a corresponding +/- \$1,719,592 (December 31, 2023 - \$2,257,147) change in the total fair value of the investments.

While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

6. Equity investment:

On September 30, 2024 and December 31, 2023, the Company owned 18,047,186 common shares (27.5% on a non-diluted basis) of Golden Planet Mining Corp. ("GPM"), has representation on its board and has one shared management member. Thus, the Company has significant influence over GPM and equity accounts its investment in GPM. Golden Planet Mining Corp has a December 31 year-end, which is the same year-end as the Company. See Note 15(c).

As at September 30, 2024 and December 31, 2023, the Company determined that there were no indicators of impairment on the equity investment in GPM.

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)****6. Equity investment (continued):**

The following is a summary of the financial information of GPM (100%):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 6,401,221	\$ 6,478,205
Other current assets	7,248	18,997
Non-current assets	1,296,857	1,326,857
Current liabilities	(14,253)	(22,578)
Net assets	\$ 7,691,073	\$ 7,801,481

Interim Condensed Consolidated statements of loss and comprehensive loss highlights for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Amortization and depreciation	\$ -	\$ -	\$ -	\$ 635
Stock-based compensation expense	-	-	-	31,308
Other expenses	70,132	121,295	262,075	463,098
Total net loss	70,132	121,295	262,075	495,041
Other comprehensive income	19,718	67,440	151,667	164,904
Total net loss and comprehensive loss	\$ 50,414	\$ 53,855	\$ 110,408	\$ 330,137

The following table reconciles the summarized financial information to the carrying amount of EarthLabs's interest in GPM:

	September 30, 2024	December 31, 2023
Opening net assets - GPM	\$ 7,801,481	\$ 8,160,885
Net change in share capital and reserves - GPM	-	31,307
Total net loss and comprehensive loss - GPM	(110,408)	(390,711)
Closing net assets - GPM	\$ 7,691,073	\$ 7,801,481
EarthLabs's ownership	27.52%	27.52%
EarthLabs's share of closing net assets	\$ 2,116,583	\$ 2,146,968
Goodwill relating to investment in GPM	(8,616)	(8,616)
Carrying amount in the consolidated statements of financial position	\$ 2,107,967	\$ 2,138,352

The following is a summary of the Company's investment in GPM:

	GPM
Equity investment as at December 31, 2022	\$ 2,245,876
EarthLabs's share of loss for the period	(90,854)
Equity investment as at September 30, 2023	\$ 2,155,022
Equity investment as at December 31, 2023	\$ 2,138,352
EarthLabs's share of loss for the period	(30,385)
Equity investment at September 30, 2024	\$ 2,107,967

EARTHLABS INC.

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7. Financial assets and (liabilities) other than investments at fair value:

Financial assets and liabilities other than investments at fair value are as follows as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 4,827,676	\$ 5,227,657
Due from brokers	554,255	485,949
Accounts receivable, net of expected credit losses	394,406	120,253
Accounts payable and accrued liabilities	(1,432,273)	(1,287,021)
Promissory note	(1,035,648)	(980,971)
	\$ 3,308,416	\$ 3,565,867

The carrying values of cash and cash equivalents, due from brokers, accounts receivable, net of expected credit losses, accounts payable and accrued liabilities approximate their fair values due to the short term to maturity for these instruments. Promissory note is recorded at amortized cost.

Cash and cash equivalents consist of the following as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Cash	\$ 1,034,041	\$ 135,578
Cash equivalents	3,793,635	5,092,079
	\$ 4,827,676	\$ 5,227,657

As at September 30, 2024 and December 31, 2023, cash equivalents were comprised of Guarantee Investment Certificates and money market funds which are cashable at any time.

8. Prepaids:

Prepaids consist of the following as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Software subscriptions and licenses	\$ 204,778	\$ 151,249
Conferences and marketing	92,099	66,011
Insurance	26,509	18,702
Consulting	16,074	-
Stock exchange listing fees	8,856	34,973
Other	1,331	1,857
	\$ 349,647	\$ 272,792

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9. Property, equipment and right-of-use assets:

Property, equipment and right-of-use assets are as follows as at September 30, 2024 and December 31, 2023:

Cost	Furniture and fixtures	Computer equipment	Right-of-use assets	Leasehold improvements	Total
Balance – December 31, 2022	\$ 1,350	\$ 4,023	\$ 215,661	\$ -	\$ 221,034
Additions	6,328	46,190	1,104,704	33,067	1,190,289
Dispositions/remeasurement	-	-	(107,548)	-	(107,548)
Balance – December 31, 2023	\$ 7,678	\$ 50,213	\$ 1,212,817	\$ 33,067	\$ 1,303,775
Additions	47,461	38,126	-	-	85,587
Balance – September 30, 2024	\$ 55,139	\$ 88,339	\$ 1,212,817	\$ 33,067	\$ 1,389,362

Accumulated Depreciation	Furniture and fixtures	Computer equipment	Right-of-use assets	Leasehold improvements	Total
Balance – December 31, 2022	\$ 22	\$ 75	\$ 74,693	\$ -	\$ 74,790
Depreciation	388	8,313	65,389	394	74,484
Dispositions	-	-	(98,236)	-	(98,236)
Balance – December 31, 2023	\$ 410	\$ 8,388	\$ 41,846	\$ 394	\$ 51,038
Depreciation	7,349	18,363	133,915	3,543	163,170
Balance – September 30, 2024	\$ 7,759	\$ 26,751	\$ 175,761	\$ 3,937	\$ 214,208

Carrying Value	Furniture and fixtures	Computer equipment	Right-of-use assets	Leasehold improvements	Total
Balance – December 31, 2023	\$ 7,268	\$ 41,825	\$ 1,170,971	\$ 32,673	\$ 1,252,737
Balance – September 30, 2024	\$ 47,380	\$ 61,588	\$ 1,037,056	\$ 29,130	\$ 1,175,154

Depreciation expenses related to property, equipment and right-of-use assets for the three and nine months ended September 30, 2024 was \$52,534 and \$159,627 respectively (three and nine months ended September 30, 2023 - \$15,355 and \$46,773, respectively).

10. Intangible assets:

A continuity of intangible assets are as follows for the nine months ended September 30, 2024 and year ended December 31, 2023:

Cost	Technology	Trade name/Brand	Customer relationships	Total
Balance – December 31, 2022	\$ 7,348,000	\$ 1,969,000	\$ 180,000	\$ 9,497,000
Acquisition of the Northern Miner Group	60,000	1,330,000	1,760,000	3,150,000
Additions - internal generated	360,571	-	-	360,571
Impairment loss	(7,708,571)	(1,969,000)	(180,000)	(9,857,571)
Balance – December 31, 2023 and September 30, 2024	\$ 60,000	\$1,330,000	\$1,760,000	\$ 3,150,000

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10. Intangible assets (continued):

Accumulated amortization	Technology	Trade name/Brand	Customer relationships	Total
Balance – December 31, 2022	\$ 1,187,635	\$ 158,861	\$ 45,000	\$ 1,391,496
Amortization	980,659	131,267	58,000	1,169,926
Impairment loss	(2,167,294)	(290,128)	(81,000)	(2,538,422)
Balance – December 31, 2023	\$ 1,000	\$ -	\$ 22,000	\$ 23,000
Amortization	9,000	-	235,193	244,193
Balance – September 30, 2024	\$ 10,000	\$ -	\$ 257,193	\$ 267,193

Carrying Value	Technology	Trade name/Brand	Customer relationships	Total
Balance – December 31, 2023	\$ 59,000	\$ 1,330,000	\$ 1,738,000	\$ 3,127,000
Balance – September 30, 2024	\$ 50,000	\$1,330,000	\$1,502,807	\$ 2,882,807

Amortization expenses related to intangible assets for the three and nine months ended September 30, 2024 was \$65,992 and \$244,193 respectively (three and nine months ended September 30, 2023 - \$287,464 and \$857,978, respectively).

11. Goodwill:

A continuity of the Company's goodwill is as follows for the nine months ended September 30, 2024 and the year ended December 31, 2023:

	DigiGeoData	The Northern Miner Group	Total
Balance – December 31, 2022	\$ 2,210,980	\$ -	\$ 2,210,980
Additions	-	624,290	624,290
Impairment loss	(2,210,980)	-	(2,210,980)
Balance – December 31, 2023 and September 30, 2024	\$ -	\$ 624,290	\$ 624,290

12. Deferred revenue:

Deferred revenues are recognized in connection with advertising and subscription revenues and sale of exploration maps. Executive advertising revenues earned through CEO.CA are recognized based on the number of digital advertising impressions provided as a percentage of the total number of impressions promised within the contract. Executive advertising contracts are 6 months in length. There may be differences between the timing of collections and the number of digital advertising impressions provided at period end. The Company also recognizes revenues earned in connection with the sale of digital advertising packages, subscriptions, post-contract customer support services and ad hoc service and training rateably over the service term specified in the revenue contracts. These service terms range anywhere between one month to one year. There may be differences between the timing of collections and the completion of the respective performance obligations at period end.

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12. Deferred revenue (continued):

Where amounts collected from customers exceed revenue recognized, the difference is recorded as deferred revenue.

The following table summarizes the changes in the Company's deferred revenue during the nine months ended September 30, 2024 and year ended December 31, 2023:

	September 30, 2024	December 31, 2023
Deferred revenue, at beginning of the period	\$ 1,921,102	\$ 1,004,440
Amounts billed	4,238,287	3,214,682
Additions - acquisition of The Northern Miner Group	-	195,209
Revenue recognized	(3,244,118)	(2,493,229)
Deferred revenue, at end of the period	\$ 2,915,271	\$ 1,921,102

As at September 30, 2024, deferred revenue was \$2,915,271 (December 31, 2023 - \$1,921,102) and the Company expects that a majority of the deferred revenue will be recognized in the next six months.

13. Lease liabilities:

In November 2020, the Company signed a lease for premises in Toronto, Ontario which started on December 1, 2020 for annual payments of \$42,900 plus operating costs and applicable taxes until April 30, 2024. In December 2023, the Company signed a lease for new premises in Toronto, Ontario, which replaced the Company's current Toronto lease and commenced on December 1, 2023 for annual payments of approximately \$203,994 (increasing by 2% each year) plus applicable taxes until November 30, 2030. In August 2022, the Company signed a lease for premises in Montreal, Quebec, which started August 1, 2022 for annual payments of approximately \$21,239 (increased by the CPI rate each year) plus applicable taxes until July 31, 2027.

The following table summarizes the changes in the Company's lease liabilities during the nine months ended September 30, 2024 and year ended December 31, 2023:

	Lease liabilities	
Balance – December 31, 2022	\$	139,509
Additions		1,104,704
Termination of lease		(7,018)
Repayments		(93,696)
Remeasurement of lease		(5,441)
Finance expense		17,096
Balance – December 31, 2023	\$	1,155,154
Repayments		(173,452)
Finance expense		82,477
Balance - September 30, 2024	\$	1,064,179

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13. Lease liabilities (continued):

	September 30, 2024	December 31, 2023
Current lease liabilities	\$ 137,013	\$ 123,382
Non-current lease liabilities	927,166	1,031,772
Total lease liabilities	\$ 1,064,179	\$ 1,155,154

As at September 30, 2024, future minimum annual lease payments under operating leases for premises are approximately as follows:

2024	\$ 58,225
2025	236,483
2026	241,353
2027	233,862
2028	221,178
2029	225,601
2030	210,586
Prepaid rent deposits	(21,500)
Total lease obligations	1,405,788
Discount at effective interest rate of 9%-15%	(341,609)
Net lease liabilities, as at September 30, 2024	1,064,179
Non-current lease liabilities as at September 30, 2024	(927,166)
Current lease liabilities as at September 30, 2024	\$ 137,013

14. Income tax expense (recovery) and deferred tax liabilities:

For the three and nine months ended September 30, 2024, the Company has calculated the provision for income taxes by applying the discrete effective tax rate method based on actual income and loss for the period. The effective tax rate for the three and nine months ended September 30, 2024 was 0.2% and -29.8%, respectively (three and nine months ended September 30, 2023 – 11.2% and 15.1%, respectively). The Company's income tax expense (recovery) differs from the amount that would be computed by applying the combined federal and provincial income tax rates (23.0%-26.5%) primarily due to investments held on capital account, non-deductible stock compensation, and valuation allowances on certain deferred tax assets in subsidiaries.

15. Related party transactions:

All transactions with related parties have occurred in the normal course of operations.

- (a) During the three and nine months ended September 30, 2024 and 2023, key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. EarthLabs considers Denis Laviolette, its Executive Chairman and Chief Executive Officer ("EC&CEO"), Vincent Dube-Bourgeois, its President and Director ("President"), Binh Quach, its Chief Financial Officer and Corporate

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15. Related party transactions (continued):

Secretary ("CFO"), Cejay Kim, its Chief Business Officer, and Mathew Wilson, its Chief Investment Officer ("CIO") to be its key management personnel, in addition to its board of directors.

Compensation of key management is included in the interim condensed statements of loss and comprehensive loss for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Salaries and consulting fees	\$ 281,250	\$ 281,250	\$ 843,750	\$ 1,143,750
Directors fees	20,000	55,750	60,000	173,375
Stock-based compensation expense	-	1,302,967	47,941	1,402,384
Employee benefits	5,885	4,252	15,300	13,000
	\$ 307,135	\$ 1,644,219	\$ 966,991	\$ 2,732,509

- (b) During the three and nine months ended September 30, 2024, the Company recorded consulting revenue of \$4,500 and \$13,500, respectively, (three and nine months ended September 30, 2023 - \$4,500 and \$25,114, respectively) from New Found Gold Corp ("NFGC"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "NFG". As at September 30, 2024, the Company also has an investment in NFGC with a fair value of \$5,351,985 (December 31, 2023 - \$8,826,300). The Company's EC&CEO is also a director and President of NFGC.
- (c) As at September 30, 2024, the Company also has an equity investment in Golden Planet Mining Corp. of \$2,107,967 (December 31, 2023 - \$2,138,352). The Company's EC&CEO is also a director and CEO of GPM. See Note 6.
- (d) As at September 30, 2024, the Company has an investment in Sterling Metals Corp. ("Sterling"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "SAG" of \$308,500 (December 31, 2023 - \$461,500). The Company's CIO is also a director and CEO of Sterling.
- (e) As at September 30, 2024, the Company has an investment in Kirkland Lake Discoveries Corp. ("KLDC") (formerly Warrior Gold Inc.), a mineral exploration company trading on the TSX Venture Exchange under the symbol "KLDC", with a carrying fair value of \$503,861 (December 31, 2023 - \$1,168,475). The Company's CEO and President who are directors of the Company are also directors of KLDC. The address of KLDC's corporate office and principal place of business is 25 Adelaide Street East, Suite 1400, Toronto, Ontario, Canada, M5C 3A1. As at September 30, 2024 and December 31, 2023, the Company owns less than 10% of KLDC's outstanding shares.

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)**

15. Related party transactions (continued):

- (f) During both the three and nine months ended September 30, 2024, the Company recorded other revenue of \$1,950 and \$3,575, respectively, (three and nine months ended September 30, 2023 - \$Nil) from Harfang Exploration Inc. ("Harfang"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "HAR". As at September 30, 2024, the Company didn't have an investment in HAR (December 31, 2023 – fair value of \$88,000). The Company's President is also the CEO and a director of Harfang.
- (g) As at September 30, 2024, included in accounts payable and accrued liabilities is \$nil (December 31, 2023 - \$5,667) due to the officers of the Company, relating to reimbursement of expenses.
- (h) On September 8, 2023, the Company granted 8,550,000 options to directors and officers of the Company, exercisable at \$0.20 per share and expiring on September 8, 2028.

16. Equity:

- (a) Authorized: unlimited number of common shares (no par value).
- (b) Stock options:

On September 8, 2023, the Company granted 13,400,000 stock options to directors, officers, employees and consultants of the Company, exercisable at \$0.20 per share expiring on September 8, 2028. On December 15, 2023, the Company granted 889,600 stock options to employees of the Company, exercisable at \$0.20 per share expiring on December 15, 2028.

The fair value of the options granted on September 8, 2023 and December 15, 2023 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	94.8%-96.5%
Expected dividend yield	0%
Risk-free interest rate	3.24%-3.96%
Expected option life in years	5 years
Expected forfeiture rate	0%
Fair value per stock option granted on September 8, 2023	\$ 0.149
Fair value per stock option granted on December 15, 2023	\$ 0.147

The expected volatility is based on the historical volatility of comparable companies over the life of the options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on the vesting dates.

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16. Equity (continued):

For the three months ended September 30, 2024, included in the interim condensed consolidated statements of loss and comprehensive loss is stock-based compensation expense of \$57,868 (three months ended September 30, 2023 - \$1,728,285) relating to the stock options granted to directors, officers, employees and consultants of the Company.

For the nine months ended September 30, 2024, included in the interim condensed consolidated statements of loss and comprehensive loss is stock-based compensation expense of \$233,014 (nine months ended September 30, 2023 - \$1,948,515) relating to the stock options granted to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at September 30, 2024 and 2023 and changes during the periods then ended is presented below:

	September 30, 2024		September 30, 2023	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of period	20,172,799	\$ 0.24	12,687,727	\$ 0.40
Granted	-	-	13,400,000	0.20
Exercised	(166,666)	0.20	(833,334)	0.18
Cancelled/forfeited	(423,334)	0.26	(5,937,860)	0.48
Outstanding, at end of period	19,582,799	\$ 0.24	19,316,533	\$ 0.24
Exercisable, at end of period	17,643,191	\$ 0.25	16,423,188	\$ 0.24

As at September 30, 2024, the weighted average remaining life of the stock options was 3.2 years (September 30, 2023 – 4.2 years).

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2024:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
1,861,533	1,861,533	\$ 0.24	February 1, 2025
1,500,000	1,500,000	0.18	July 15, 2025
275,000	275,000	0.68	April 27, 2026
2,190,000	2,190,000	0.485	May 31, 2027
12,866,666	11,816,658	0.20	September 8, 2028
889,600	-	0.20	December 15, 2028
19,582,799	17,643,191		

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)****16. Equity (continued):**

- (c) Basic and diluted earnings per common share based on net loss for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss for the period	\$ (871,536)	\$ (5,867,847)	\$ (1,228,107)	\$ (5,403,056)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Denominator:				
Weighted average number of common shares outstanding – basic	137,568,449	137,388,527	137,467,187	137,281,860
Weighted average effect of diluted stock options and warrants (i)	-	-	-	-
Weighted average number of common shares outstanding – diluted	137,568,449	137,388,527	137,467,187	137,281,860

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Loss per common share based				
Basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.01)	\$ (0.04)

- (i) The determination of the weighted average number of common shares outstanding – diluted excludes 19,582,799 shares related to stock options that were anti-dilutive for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 – 19,316,533 shares).
- (d) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding convertible securities were exercised as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
Common shares outstanding	137,799,095	137,388,527
Stock options to purchase common shares	19,582,799	19,316,533
Fully diluted common shares outstanding	157,381,894	156,705,060

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17. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have one operating segment: Financial Technology Division which includes the Company's financial and media technology (CEO.CA, EarthLabs Media and DigiGeoData) and growing investment portfolio.

The Company measures each reportable operating segment's performance based on revenue and segment operating income, which is the profit metric utilized by the Company's management, for assessing the performance of operating segments. The Company has a single reportable geographic segment, Canada, and all of the Company's assets and equipment are located in Canada. The Company's operating segments are not reliant on any single external customer.

The internal reporting provided to the management of the Company's assets, liabilities, and performance is prepared consistently with the measurement and recognition principles of IFRS. The intercompany sales and advances have been eliminated in the interim condensed consolidated financial statements. The Company does not report total assets or total liabilities based on its reportable operating segments.

18. Net investment gains (losses):

Net investment gains (losses) comprises of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net realized gains (losses) on disposal of on investments	\$ 460,878	\$ 130,673	\$ 929,568	\$ (632,846)
Net change in unrealized gains (losses) on investments	483,808	(3,879,686)	2,898,346	(381,213)
	\$ 944,686	\$ (3,749,013)	\$ 3,827,914	\$ (1,014,059)

19. Other income:

Other income comprises of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Other sales	\$ 37,484	\$ 28,123	\$ 309,870	\$ 81,324
Interest income	45,682	200,762	154,900	590,082
Grants and subsidies	-	-	64,326	-
Consulting income and other	15,488	5,153	46,766	25,767
Dividend income	-	591	20	38,207
	\$ 98,654	\$ 234,629	\$ 575,882	\$ 735,380

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20. Expenses by nature:

Included in operating, general, and administrative expenses for the three and nine months ended September 30 are the following expenses:

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Salaries and consulting fees	15(a)	\$1,553,629	\$ 684,446	\$ 4,338,821	\$ 2,155,465
Software licensing fees		410,027	212,541	1,057,468	592,552
Other office and general		149,817	53,217	582,543	178,294
Professional fees		161,224	148,187	417,244	462,534
Amortization and depreciation	9, 10	122,069	302,819	407,363	904,751
Other employee benefits		115,323	39,691	363,548	146,696
Travel and promotion		82,147	71,824	330,953	182,401
Stock-based compensation expense	15(a), 16(b)	57,868	1,728,285	233,014	1,948,515
Shareholder relations and filing fees		54,275	60,898	147,130	133,683
Provision for ECLs	4, 24(a)	13,977	600	102,000	78,017
Brokerage fees and transaction costs		28,351	29,607	65,730	97,982
Directors' fees	15(a)	20,000	55,750	60,000	173,375
Operating lease payments		1,995	18,302	3,147	51,140
Foreign exchange expense (gain)		5,846	(26,000)	(9,147)	(3,490)
		\$2,776,548	\$3,380,167	\$ 8,099,814	\$ 7,101,915

21. Supplemental disclosure of cash flow information:

The following table shows the supplemental cash flow information for the nine months ended September 30:

	2024	2023
Income taxes paid	\$ -	\$ 1,070,082
Interest paid	34,572	9,370

22. Management of capital:

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2024. 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. In order to maintain or adjust the capital structure, the Company may borrow from its shareholders or raise additional funds. The Company considers its capital to include total equity which amounts to \$42,749,873 on September 30, 2024 (December 31, \$43,661,633). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders.

Since inception, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at September 30, 2024.

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)**

23. Financial instruments and financial risk management:*Financial instruments*

The carrying amounts of accounts receivable, net of ECL, accounts payable and accrued liabilities, and current lease liabilities approximate their fair value due to their short periods to maturity. Promissory note is recorded at amortized cost.

Financial risk management

The Company has exposure to credit risk, market risk, liquidity risk, and currency risk associated with its financial assets and liabilities.

There were no significant or material changes to the Company's risk management during the nine months ended September 30, 2024. A discussion of the Company's use of financial instruments and other associated risks is as follows.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, due from brokers and accounts receivable. All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes the risk of loss to be remote. The Company has accounts receivable from mining and exploration companies.

The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific mining and exploration companies may be affected by economic factors and government factors which may impact accounts receivable. Management does not believe that a single industry or geographic region represents significant credit risk. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The maximum exposure to credit risk is the carrying amount of the Company's cash and cash equivalents, due from brokers and accounts receivable, net of ECLs which total \$5,776,337 as at September 30, 2024 (December 31, 2023 - \$5,833,859).

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(Unaudited - Prepared in Canadian dollars)

23. Financial instruments and financial risk management (continued):

An aging of accounts receivable, net of expected credit losses are as follows as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Accounts receivable aging		
0-30 days	\$ 240,342	\$ 109,568
31-60 days	134,145	572
61-90 days	19,919	-
Greater than 90 days	257,572	165,685
	\$ 651,978	\$ 275,825
Expected credit loss provision	(257,572)	(155,572)
Accounts receivable, net of expected credit losses	\$ 394,406	\$ 120,253

The movement in the expected credit loss provision can be reconciled as follows as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Expected credit loss provision:		
Expected credit loss provision, beginning balance	\$ (155,572)	\$ (107,641)
Provision recorded during the period	(102,000)	(47,931)
Expected credit loss provision, ending balance	\$ (257,572)	\$ (155,572)

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at September 30, 2024:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		0%	0%	0%	100%
Accounts receivable	\$ 651,978	\$ 240,342	\$ 134,145	\$ 19,919	\$ 257,572
Expected credit loss provisions	\$ 257,572	\$ -	\$ -	\$ -	\$ 257,572

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at December 31, 2023:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		0%	0%	0%	94%
Accounts receivable	\$ 275,825	\$ 109,568	\$ 572	\$ -	\$ 165,685
Expected credit loss provisions	\$ 155,572	\$ -	\$ -	\$ -	\$ 155,572

The Company does not have collateral to any of its receivable balances.

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

23. Financial instruments and financial risk management (continued):

(b) Market risk:

Market risk is the risk that the fair value of future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position.

As at September 30, 2024 and December 31, 2023, the Company held foreign denominated investments as follows, therefore, market risk also includes currency risk.

Fair value of investments in Canadian dollars denominated in:	September 30, 2024	December 31, 2023
Australian dollars	\$ 2,406,344	\$ 907,200
Great British pounds	162,500	471,000
U.S dollars	1,908,292	872,092
	\$ 4,477,136	\$ 2,250,292

There were no changes in the way the Company manages market risk during the nine months ended September 30, 2024.

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three and nine months ended September 30, 2024 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2024:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price	Increase in after-tax net loss from % decrease in closing trade price
2%	\$ 637,348	\$ (637,348)
4%	1,274,696	(1,274,696)
6%	1,912,044	(1,912,044)
8%	2,549,392	(2,549,392)
10%	3,186,740	(3,186,740)

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited - Prepared in Canadian dollars)

23. Financial instruments and financial risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three and nine months ended September 30, 2023 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2023:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price	Increase in after-tax net loss from % decrease in closing trade price
2%	\$ 538,190	\$ (538,190)
4%	1,076,379	(1,076,379)
6%	1,614,569	(1,614,569)
8%	2,152,759	(2,152,759)
10%	2,690,948	(2,690,948)

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

There were no changes to the way that the Company manages liquidity risk during the nine months ended September 30, 2024. The Company's accounts payable and accrued liabilities are due within less than 1 year as at September 30, 2024 and December 31, 2023. The Company's cash and cash equivalents balance is sufficient to meet the Company's current liabilities.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at September 30, 2024:

Liabilities and obligations	Payments due by period				Non-cash payable
	Total	Less than 1 year	1 – 3 years	4 – 5 years	
Accounts payable and accrued liabilities	\$ 1,432,273	\$ 1,432,273	\$ -	\$ -	\$ -
Sales tax payable	112,110	112,110	-	-	-
Deferred revenue	2,915,271	-	-	-	2,915,271
Promissory note	1,035,648	268,698	766,950	-	-
Deferred tax liabilities	663,156	-	-	-	663,156
Office and other lease payments	1,405,788	58,225	711,698	635,865	-
	\$ 7,564,246	\$ 1,871,306	\$ 1,478,648	\$ 635,865	\$ 3,578,427

EARTHLABS INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2024

(Unaudited - Prepared in Canadian dollars)

23. Financial instruments and financial risk management (continued):

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2023:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-cash payable
Accounts payable and accrued liabilities	\$ 1,287,021	\$ 1,287,021	\$ -	\$ -	\$ -
Sales tax payable	40,874	40,874	-	-	-
Deferred revenue	1,921,102	-	-	-	1,921,102
Promissory note	980,971	254,513	726,458	-	-
Deferred tax liabilities	204,690	-	-	-	204,690
Office and other lease payments	1,580,117	231,768	712,484	635,865	-
	\$ 6,014,775	\$ 1,814,176	\$ 1,438,942	\$ 635,865	\$ 2,125,792

The following table shows the Company's source of liquidity by assets as at September 30, 2024:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-liquid assets
Cash and cash equivalents	\$ 4,827,676	\$ 4,827,676	\$ -	\$ -	\$ -
Due from brokers	554,255	554,255	-	-	-
Accounts receivable, net of ECLs	394,406	394,406	-	-	-
Investments, at fair value	36,734,753	36,734,753	-	-	-
Equity investment	2,107,967	2,107,967	-	-	-
Sales tax recoverable	57,561	57,561	-	-	-
Income tax receivable	263,994	263,994	-	-	-
Prepays	349,647	-	-	-	349,647
Property and equipment	1,175,154	-	-	-	1,175,154
Intangible assets	2,882,807	-	-	-	2,882,807
Goodwill	624,290	-	-	-	624,290
	\$ 49,972,510	\$ 44,940,612	\$ -	\$ -	\$ 5,031,898

The following table shows the Company's source of liquidity by assets as at December 31, 2023:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-liquid assets
Cash and cash equivalents	\$ 5,227,657	\$ 5,227,657	\$ -	\$ -	\$ -
Due from brokers	485,949	485,949	-	-	-
Accounts receivable, net of ECLs	120,253	120,253	-	-	-
Investments, at fair value	35,091,151	35,091,151	-	-	-
Equity investment	2,138,352	2,138,352	-	-	-
Sales tax recoverable	57,241	57,241	-	-	-
Income tax receivable	854,023	854,023	-	-	-
Prepays	272,792	-	-	-	272,792
Property and equipment	1,252,737	-	-	-	1,252,737
Intangible assets	3,127,000	-	-	-	3,127,000
Goodwill	624,290	-	-	-	624,290
	\$ 49,251,445	\$ 43,974,626	\$ -	\$ -	\$ 5,276,819

EARTHLABS INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2024****(Unaudited - Prepared in Canadian dollars)**

23. Financial instruments and financial risk management (continued):

(d) Currency risk:

Currency risk is the risk of loss from the Canadian dollar depreciating when it fluctuates against other foreign currencies. The Company presently holds funds in Canadian dollars but some of its receivables are denominated in U.S. dollars. The Company does not engage in any hedging activities to mitigate its foreign exchange risk. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the value of the Company's financial instruments. There were no changes to the way that the Company manages currency risk during the nine months ended September 30, 2024.

As at September 30, 2024, the Company had \$225,678 (US\$167,182) in net cash and cash equivalents, accounts receivable, due from brokers and accounts payable (September 30, 2023 - \$1,325,955 (US\$980,736)) and had the Canadian dollar strengthened or declined by 5% in relation to the U.S. dollar, with all other variables held constant, net loss and comprehensive loss for the three and nine months ended September 30, 2024 would have decreased or increased, respectively, by approximately \$11,284 (three and nine months ended September 30, 2023 - \$66,298). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

24. Commitments and contingencies:

In addition to the Company's liabilities and obligations (see Note 23(c)), the Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its consolidated financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded.

It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these interim condensed consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's consolidated financial position, future expectations, and cash flows.