

Consolidated Financial Statements of

# EARTHLABS



December 31, 2024 and 2023  
(Prepared in Canadian dollars)

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## Independent Auditor's Report

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To the Shareholders of EarthLabs Inc. :

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### ***Goodwill and Intangible Assets Impairment related to EarthLabs Media Inc. ("EMI")***

##### *Key Audit Matter Description*

##### *Audit Response*

As at December 31, 2024, the Company had \$2,826,438 of intangible assets and \$624,290 of goodwill related to EMI which has been included in the statements of financial position. As described in Note 13 in the consolidated financial statements, the Company performed impairment test of its goodwill and intangible assets. The Company has determined no intangible assets and goodwill were impaired as at December 31, 2024.

We responded to this matter by performing procedures over the impairment of goodwill and intangible assets. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the reasonableness of the future cash flow projections used to calculate the EMI CGU recoverable amount by comparing the projected cash flows to historical results and by comparing certain assumptions used in future cashflow projections to publicly available industry data;

We identified the valuation of goodwill and intangible asset impairment as a key audit matter. Evaluating the Company's assessment of the fair value of goodwill and intangible assets related to EMI required complex auditor judgement. Specifically, the key assumptions in the assessment are future operating results, including forecasted revenue, gross profit margins, operating expenses, growth rates, and discount rates used to measure the cash generating unit ("CGU") fair value.

- Involved our internal valuation specialists to evaluate the appropriateness of the discount rate used and to develop a range of independent estimates and to compare those to the discount rate used by the Company;
- Performed a retrospective review by comparing management's prior year projected cashflows to the actual results to assess the Company's ability to accurately forecast;
- Performed a sensitivity analysis on the key assumptions used in management's cashflow projections to determine the impact of changes to such assumptions on the recoverable amount of the EMI CGU; and
- Assessed the appropriateness of the disclosures relating to the impairment assessment for the EMI CGU in the notes to the consolidated financial statements.

### **Other Information**

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 consolidated 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Toronto, Ontario  
April 28, 2025

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# EARTHLABS INC.

## Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(Prepared in Canadian dollars)

	Notes	2024	2023
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	9	\$ 4,122,474	\$ 5,227,657
Due from brokers		416,907	485,949
Accounts receivable, net of expected credit losses (ECL)	6, 26(a)	519,491	120,253
Investments, at fair value	7, 26(b)	32,912,428	35,091,151
Equity investment	8, 17(c)	1,782,628	2,138,352
Sales tax recoverable		47,787	57,241
Income tax receivable	16	268,362	854,023
Prepays	10	281,192	272,792
		<b>40,351,269</b>	44,247,418
<b>Property, equipment and right-of-use assets</b>	11	<b>1,128,713</b>	1,252,737
<b>Intangible assets</b>	12	<b>2,826,438</b>	3,127,000
<b>Goodwill</b>	13	<b>624,290</b>	624,290
		<b>\$ 44,930,710</b>	\$ 49,251,445
<b>Liabilities and Equity</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	17(g)	\$ 1,697,947	\$ 1,287,021
Sales tax payable		197,481	40,874
Deferred revenue	14	3,452,044	1,921,102
Lease liabilities	15	141,992	123,382
Promissory note	5	726,458	254,513
		<b>6,215,922</b>	3,626,892
<b>Promissory note</b>	5	-	726,458
<b>Deferred tax liabilities</b>	16	-	204,690
<b>Non-current lease liabilities</b>	15	<b>889,653</b>	1,031,772
		<b>7,105,575</b>	5,589,812
<b>Equity</b>			
Share capital	18	46,534,758	46,426,591
Contributed surplus	18(b)	6,040,385	5,797,766
Deficit		(14,750,008)	(8,562,724)
		<b>37,825,135</b>	43,661,633
		<b>\$ 44,930,710</b>	\$ 49,251,445

Commitments and contingencies

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

On behalf of the Board:

"Denis Laviolette" Director

"Gerry Feldman" Director

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**EARTHLABS INC.****Consolidated Statements of Loss and Comprehensive Loss****Years Ended December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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	<u>Notes</u>	<u>2024</u>	<u>2023</u>
<b>Revenue</b>			
Advertising		\$ 6,108,765	\$ 2,206,523
Subscriptions		1,237,035	875,682
Sales of exploration maps		177,763	223,038
Net investment gains (losses)	20	160,441	(2,277,329)
Other income	17(b, f), 21	755,956	902,780
		<u>8,439,960</u>	<u>1,930,694</u>
<b>Expenses</b>			
Operating, general and administrative	17(a), 22, 23	11,339,500	9,358,659
Research and development		3,173,710	1,605,738
Finance expenses	5, 15	144,239	20,007
		<u>14,657,449</u>	<u>10,984,404</u>
<b>Loss from equity investment</b>	8	<b>(355,724)</b>	<b>(107,524)</b>
<b>Impairment of goodwill and intangible assets</b>	12, 13	<b>-</b>	<b>(9,530,129)</b>
<b>Loss before income taxes</b>		<b>(6,573,213)</b>	<b>(18,691,363)</b>
Income tax recovery	16	(385,929)	(2,152,241)
<b>Net loss from continuing operations for the year</b>		<b>(6,187,284)</b>	<b>(16,539,122)</b>
<b>Discontinued operations</b>			
Working capital adjustments from disposition of subsidiaries and assets, net of tax		-	(84,561)
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (6,187,284)</b>	<b>\$ (16,623,683)</b>
<hr/>			
<b>Basic and diluted loss per common share for the year</b>	18(d)		
Continuing operations		\$ (0.04)	\$ (0.12)
Discontinued operations		0.00	0.00
Net loss for the year		<u>\$ (0.04)</u>	<u>\$ (0.12)</u>
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<b>Weighted average number of common shares outstanding</b>			
Basic and diluted	18(d)	137,550,617	137,308,746

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

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**EARTHLABS INC.****Consolidated Statements of Changes in Equity****Years Ended December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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	<b>Notes</b>	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Warrants</b>	<b>Retained earnings (deficit)</b>	<b>Total equity</b>
<b>Balance at December 31, 2022</b>		136,555,193	\$ 46,148,258	\$ 3,845,559	\$ 41,051	\$ 8,060,959	\$ 58,095,827
Net loss and comprehensive loss for the year		-	-	-	-	(16,623,683)	(16,623,683)
Issued pursuant to exercise of options	18(b)	833,334	278,333	(128,333)	-	-	150,000
Reallocation of expired warrants	18(c)	-	-	41,051	(41,051)	-	-
Stock-based compensation expense	18(b)	-	-	2,039,489	-	-	2,039,489
<b>Balance at December 31, 2023</b>		137,388,527	\$ 46,426,591	\$ 5,797,766	\$ -	\$ (8,562,724)	\$ 43,661,633
Net loss and comprehensive loss for the year		-	-	-	-	<b>(6,187,284)</b>	<b>(6,187,284)</b>
Issued pursuant to exercise of options	18(b)	<b>166,666</b>	<b>58,167</b>	<b>(24,834)</b>	-	-	<b>33,333</b>
Issued pursuant to acquisition of social media accounts	18(a)	<b>243,902</b>	<b>50,000</b>	-	-	-	<b>50,000</b>
Stock-based compensation expense	18(b)	-	-	<b>267,453</b>	-	-	<b>267,453</b>
<b>Balance at December 31, 2024</b>		<b>137,799,095</b>	<b>\$ 46,534,758</b>	<b>\$ 6,040,385</b>	<b>\$ -</b>	<b>\$ (14,750,008)</b>	<b>\$ 37,825,135</b>

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

**EARTHLABS INC.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**  
**(Prepared in Canadian dollars)**

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows used in operating activities</b>			
Net loss for the year		<b>\$ (6,187,284)</b>	\$(16,539,122)
Items not affecting cash			
Net investment losses (gains)	20	<b>(160,441)</b>	2,277,329
Loss from equity investment	8	<b>355,724</b>	107,524
Gain on modification of right-of-use asset		-	(3,147)
Non-cash interest expense	5	<b>35,565</b>	2,984
Impairment of goodwill and intangible assets	12, 13	-	9,530,129
Stock-based compensation expense	18(b)	<b>267,453</b>	2,039,489
Amortization and depreciation		<b>520,602</b>	1,244,410
Provision for expected credit losses		<b>131,347</b>	47,931
Finance expense		<b>144,239</b>	20,007
Deferred tax expense		<b>(204,690)</b>	(1,367,311)
Acquisition of social media accounts		<b>50,000</b>	-
		<b>(5,047,485)</b>	(2,639,777)
Changes in non-cash working capital balances			
Proceeds on disposition of investments		<b>12,057,151</b>	12,122,033
Purchases of investments		<b>(9,717,987)</b>	(27,716,345)
Decrease in due from brokers		<b>69,042</b>	2,694,149
Increase in accounts receivable, net of expected credit losses (ECL)		<b>(530,585)</b>	(51,970)
Decrease (increase) in sales tax recoverable		<b>9,454</b>	(57,241)
Decrease (increase) in income tax receivable		<b>585,661</b>	(854,023)
Decrease in prepaids		<b>(8,400)</b>	(76,220)
Increase in accounts payable and accrued liabilities		<b>410,926</b>	119,988
Increase (decrease) in sales tax payable		<b>156,607</b>	(399,681)
Increase in deferred revenue		<b>1,530,942</b>	721,453
Decrease in income tax payable		-	(1,017,408)
Decrease in promissory note		<b>(326,114)</b>	-
Net cash flows used in operating activities - continuing operations		<b>(810,788)</b>	(17,155,042)
Net cash flows used in operating activities - discontinued operations		-	(84,561)
		<b>(810,788)</b>	(17,239,603)
<b>Cash flows from (used in) financing activities</b>			
Proceeds pursuant to exercise of options		<b>33,333</b>	150,000
Principal payments of lease liabilities, including deposit	15	<b>(231,712)</b>	(93,696)
		<b>(198,379)</b>	56,304
<b>Cash flows used in investing activities</b>			
Acquisition of The Northern Miner Group	5	-	(2,500,000)
Purchases of property and equipment	11	<b>(96,016)</b>	(74,522)
Purchases of internal generated intangible assets	12	-	(360,571)
		<b>(96,016)</b>	(2,935,093)
<b>Net decrease in cash and cash equivalents during the year</b>		<b>(1,105,183)</b>	(20,118,392)
<b>Cash and cash equivalents, beginning of year</b>		<b>5,227,657</b>	25,346,049
<b>Cash and cash equivalents, end of year</b>		<b>\$ 4,122,474</b>	\$ 5,227,657

Supplemental cash flow information

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

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

**December 31, 2024 and 2023**

**(Prepared in Canadian dollars)**

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### **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 consolidated financial statements were approved for issuance by the Company's board of directors on April 28, 2025.

### **2. Basis of preparation:**

#### (a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In accordance with recent guidance issued by the IFRS Foundation's Advisory Panel on Standards Governance ("APSG"), the term "IFRS Accounting Standards" is used throughout these consolidated financial statements to refer collectively to all standards issued by the IASB, including those originally issued as International Accounting Standards ("IAS") and those issued as International Financial Reporting Standards ("IFRS"). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

#### (b) Basis of presentation:

These 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 consolidated financial statements include the financial statements of EarthLabs and its wholly-owned Canadian subsidiaries, CEO.CA Technologies Ltd. ("CEO.CA"), EarthLabs Media Inc. ("EMI") (formerly Resource Quantamental Corp.), DigiGeoData Inc. ("DigiGeoData"), and Chairman Ventures Inc. (formerly 14101634 Canada Inc.). See Note 28(b).

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

**December 31, 2024 and 2023**

**(Prepared in Canadian dollars)**

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### **2. Basis of preparation (continued):**

On December 1, 2023, ELM acquired 100% of The Northern Miner Group (see Note 5). 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.

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Company's potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in comprehensive income from the date that the Company gains control until the date that the Company ceases to control the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(d) Equity investments:

The Company holds an equity investment in an associate. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

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.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

**December 31, 2024 and 2023**

**(Prepared in Canadian dollars)**

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### **2. Basis of preparation (continued):**

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). 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 December 31, 2024 and 2023, the Company holds a 27.5% interest in Golden Planet Mining Corp ("GPM"), has representation on its board and has one shared management member. Thus, the Company has significant influence over GPM. GPM has a December 31 year end, which is the same year end as the Company. See Note 8.

(e) Critical accounting judgments, estimates and assumptions:

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

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 considered by the Company preparing these consolidated financial statements are as follows:

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

**December 31, 2024 and 2023**

**(Prepared in Canadian dollars)**

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### **2. Basis of preparation (continued):**

- (i) Provision for expected credit losses ("ECLs"):

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

- (ii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 18(b) for further details.

- (iii) Fair value of investments in securities not quoted in an active market:

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 7 for further details.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

**December 31, 2024 and 2023**

**(Prepared in Canadian dollars)**

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### **2. Basis of preparation (continued):**

(iv) Fair value of financial instruments:

The Company measures financial instruments, such as warrants, at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, an option pricing model is used. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 7 for further details.

The information about significant areas of judgment considered by management in preparing these consolidated financial statements are as follows:

(i) Significant influence:

Management uses judgement to determine significant influence over an investee. Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the associate, managerial personnel in common, provision of essential technical information and operating involvement. In general, significant influence is presumed to exist when the Company has between 20% to 50% of voting power in an investee.

(ii) Business combinations:

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may determine the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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**(Prepared in Canadian dollars)**

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### **2. Basis of preparation (continued):**

(iii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 16 for further details.

(iv) Assessment of Cash Generating Units:

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). The Company applies judgement in assessing the smallest group of assets that comprise a single CGU.

(v) Useful lives of property and equipment and intangible assets:

Management determines the useful lives of property and equipment and intangible assets annually and accounts for any changes in estimates prospectively. The Company applies judgement in determining the useful lives of the Company's technology, customer relationships, trade name, and non-compete agreements, with less than an indefinite life. In addition, the Company, applies judgement in determining the useful lives of the right-of-use assets for purposes of assessing the shorter of the useful life or lease term.

(vi) Assessment of indicators of impairment:

At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or CGU may be impaired, thereby requiring adjustment to the carrying value. The determination of these factors are estimates which require management to exercise judgment in assessing the future use of an asset, its physical condition, technical innovations which may impact their use, changes in market conditions, or the economic and legal environments among other factors. These judgments will affect the reported amounts of depreciation expense, impairment expense, and the reported values of the assets.

(vii) Goodwill impairment:

Goodwill impairment testing requires management to estimate the recoverable amount of the CGU to which goodwill has been allocated. On an annual basis, the Company tests whether goodwill is impaired, based on an estimate of its recoverable amount.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **2. Basis of preparation (continued):**

Following the assessment of the recoverable amount of goodwill allocated to the CGUs which management considers to be the most sensitive to the achievement of the 2025 budget. Budgets that are prepared by management, comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered. Whilst management is able to manage most of the costs, the revenue projections are inherently uncertain due to the short-term nature of the business and unstable market conditions.

Revenue of the CGUs is most sensitive to changes in the sectors demand for advertising and subscriptions. The market for advertising has seen a significant slowdown over the past 12 months due to the junior capital market conditions specifically in the mining exploration sector. It is possible that further underperformance may occur in 2025 if prevailing trends continue. The sensitivity analysis in respect of the recoverable amount of the CGUs is presented in Note 13.

#### (viii) Legal matters:

Due to the nature of the Company's operations, various legal matters can arise from time to time. The Company believes that none of the litigation in which it is currently involved, or has been involved in individually or in the aggregate, is material to the Company's consolidated financial condition or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

### **3. Material Accounting Policy Information:**

The material accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the periods presented.

#### (a) Business combination:

The Company accounts for business combinations using the acquisition method when it has obtained control. The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the transaction occurs, the Company reports provisional amounts. Provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date. These adjustments, or recognition of additional assets or liabilities, reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(b) Foreign currency:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars which is the functional currency. EarthLabs and its subsidiaries' functional currency is the Canadian dollar.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

All exchange differences are recorded in the consolidated statements of loss and comprehensive loss for the year.

(c) Financial instruments:

(i) Classification:

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**3. Material Accounting Policy Information (continued):**

All financial instruments are initially recognized at fair value on the statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement under IFRS 9 for each financial instrument:

<b>Classification/Measurement</b>	<b>IFRS 9</b>
Cash and cash equivalents	FVTPL
Due from brokers	Amortized cost
Accounts receivables	Amortized cost
Investments, at fair value	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Promissory note	Amortized cost

(ii) Recognition, de-recognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the statements of loss and comprehensive loss.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, *Financial Instruments* ("IFRS 9") (2018).

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of loss and comprehensive loss within net change in unrealized gains or losses on investments in the period in which they arise.

All financial assets (liabilities) that are designated as fair value through profit or loss are recognized initially at fair value plus, in the case of financial assets (liabilities) classified as subsequently measured at amortized cost, directly attributable transaction costs.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

Financial assets (liabilities) at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(iii) Reclassification:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair value:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Company is also required to disclose details of its investments (and other financial assets and liabilities reported at fair value) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith.

1. Publicly-traded investments:

- a. Securities, including shares, options, and warrants that are traded in an active market (such as on a recognized securities exchange) and for which no sales restrictions apply are presented at fair value based on quoted closing trade prices at the statements of financial position date or the closing trade price on the last day the security traded if there were no trades at the statements of financial position date. These investments are included in Level 1.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

- b. Securities that are traded on a recognized securities exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 25%, using Finnerty's put option model. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2.
- c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes option pricing model is used to calculate fair value. For warrants with acceleration clauses, the Company uses the Barrier option pricing model to calculate fair value. These investments are included in Level 2.

#### **2. Private company investments:**

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators. These investments would be included in Level 3 in Note 7.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

The fair value of a privately-held investment may be adjusted if:

- a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;
- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
- f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- g. release by the investee company of positive/negative exploration results; and
- h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

(v) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(c) Non-monetary transactions:

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved.

(d) Revenue recognition:

The Company's revenue is primarily comprised of (i) investing activities, (ii) sales of advertising, (iii) sales of subscriptions, and (iv) other sales.

Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. The Company follows the five-step model in IFRS to recognize revenues:

- 1) Identify the contract with customers;
- 2) Identify the performance obligation(s) in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to performance obligation(s) in the contract; and
- 5) Recognize revenue when the Company satisfies a performance obligation.

In contracts where the Company has more than one performance obligation to provide its customer with goods or services, each performance obligation is evaluated to determine whether it is distinct based on whether:

- 1) The customer can benefit from the good or service either on its own or together with other resources that are readily available, and
- 2) The good or service is separately identifiable from other promises in the contract.

The consideration under the contract is allocated between the distinct performance obligations based on their respective relative standalone selling prices. The estimated standalone selling price of each deliverable reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold on a standalone basis and is determined by reference to market rates for the good or service when sold by others or by using an adjusted market assessment approach if the selling price on a standalone basis is not available.

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# **EARTHLABS INC.**

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### **3. Material Accounting Policy Information (continued):**

The Company then recognizes revenues in the amount of the transaction price that is allocated to the respective performance obligation when or as each performance obligation is satisfied. Judgement is involved in determining the allocation of the transaction price between each distinct performance obligation.

(i) Investing activities:

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of loss and comprehensive loss as incurred.

(ii) Sales of advertising:

Advertising revenues are primarily earned through CEO.CA and EMI from the sale of executive advertising packages. CEO.CA enters into executive advertising contracts with corporate customers to provide online advertising services. Under such contracts, customers will receive a stated number of impressions over a fixed period for a fixed price. The Company tracks the number of impressions provided during any given month using internally developed algorithms. The Company measures progress towards completion of its performance obligation based on the number of impressions delivered on the Company's online platform.

EMI advertising revenue includes both digital and non-digital advertisements. The Company contracts with customers to publish advertisements in print or online which generally include one performance obligation. The Company has concluded that revenue from advertising should be recognized at the point in time when the advertisement is published. Revenue from these contracts is recognized based on the price specified in the contracts and the payment is due immediately when the advertisement is published. In addition, EMI has online advertising for a fixed period and revenue is recognized over the fixed time.

(iii) Sales of subscriptions:

Subscription revenues are generated through CEO.CA, EMI and DigiGeoData. The Company earns subscription revenue through CEO.CA from its online financial information-sharing platform rateably over the contract term as the subscription service is delivered. Users of the online platform pay a one-time verification fee of \$15 if they do not purchase a subscription plan. The same user can subscribe for a monthly plan for real-time market data for public companies in the mining and other industries. The contract term begins when the service is made available to the customer.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

EMI's subscription revenue includes both digital and non-digital subscriptions. EMI contracts with customers to provide ongoing monthly or annual services or products. The contracts are generally not more than a year. The Company has concluded that the performance obligation for subscription revenue is recognized over the time of the subscription based on the price specified in the contracts. Payment is due at the beginning of the subscription period based on the fixed contract price. Subscription revenue for which consideration has been received in advance and is attributable to future access is deferred until such products or services are delivered.

The Company also earns subscription revenues through DigiGeoData, from its online digital map database, DigiGeoAtlas, which is recognized rateably over the contract term as the subscription service is delivered. The contract term begins when the subscription service is made available to the customer.

(iv) Other sales:

Other sales include events, products, digital products and services.

EMI, through The Northern Miner Group holds various events throughout the year. There is one performance obligation which is satisfied when the event is held. Payment is due when customers enter into the contract to attend the event. Revenue from these contracts is recognized based on the price specified in the contract when the event is held. Event revenue for which consideration has been received in advance is deferred until the event has taken place.

The Company contracts with customers to provide products, digital products and services, which include one performance obligation. The performance obligation is satisfied when the product is delivered or when the service is performed. Revenue from these contracts is thus recognized at a point in time based on the price specified in the contracts. Payments for these contracts are due immediately when performance obligations are satisfied.

(e) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of loss and comprehensive loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(f) Loss per common share:

Basic loss per common share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding. Instruments which would be anti-dilutive are not included in the calculation of the diluted loss per common share.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**3. Material Accounting Policy Information (continued):**

## (g) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting used by management. 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 and EarthLabs Media) and investment portfolio.

## (h) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term investments with maturities of three months or less at the date of acquisition. Cash and cash equivalents include accrued interest on short-term investments.

## (i) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided at rates designed to depreciate the cost of the assets over their estimated useful lives as follows:

	<b>Rate</b>	<b>Basis</b>
Furniture and fixtures	20%	Declining balance
Computer equipment	30%-55%	Declining balance
Leasehold improvements	7 years	Straight-line over term of lease
Right-of-use assets	3-7 years	Straight-line over term of lease

Upon sale or abandonment of any equipment, the cost and related accumulated depreciation and impairment losses are written off and any gains or losses thereon are recognized in consolidated statements of loss and comprehensive loss for the year. When the parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The cost of replacing or overhauling a component of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. Maintenance and repairs of a routine nature are charged to statement of loss or comprehensive loss as incurred.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

(j) Royalty interests:

Royalty interests consist of acquired net smelter royalty interests ("NSR") in producing, development and exploration and evaluation stage properties. Currently, the Company's only NSRs are with exploration and evaluation stage companies which have properties that are not yet in the development, permitting or feasibility stage; or that are speculative in nature and are expected to require several years to generate revenue, if ever; or that are currently not active.

(k) Impairment of financial assets:

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

(l) Impairment of long-lived assets:

The carrying values of property and equipment are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required. Long-lived assets are comprised of intangible assets, and property and equipment.

If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired and an impairment loss is charged to the consolidated statements of loss and comprehensive loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. No such reversal was recognized in the consolidated statements of loss and comprehensive loss.

(m) Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment losses. Cost includes the purchase price, any costs directly attributable to bringing the intangible asset to the condition necessary for it to be capable of operating in the manner intended by management and, where applicable, borrowing costs.

The Company incurs costs associated with the design and development of its artificial intelligence investment decision platform. Expenditures on research activities are recognized in the consolidated statements of loss and comprehensive loss as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Otherwise, they are recognized in the consolidated statements of loss and comprehensive loss as incurred. See Note 12.

Upon sale of any intangible asset, the cost and related accumulated depreciation and impairment losses are written off and any gains or losses thereon are recognized in the consolidated statement of loss or comprehensive loss for the year. Intangible assets acquired separately are measured on initial recognition at fair value, when they have the following attributes: are identifiable, controlled by the Company, and from which future benefits are expected. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in consolidated statements of loss and comprehensive loss as incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there are indications that the intangible asset may be impaired. The Company has indefinite life intangible assets.

Intangible assets which are not yet available for use or are of an indefinite life are tested annually for impairment regardless of whether impairment indicators exist.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**3. Material Accounting Policy Information (continued):**

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in the statement of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date the asset is available for use.

A summary of useful lives is as follows:

	<b>Rate</b>	<b>Basis</b>
Customer relationships	1.25 - 15 years	Straight-line
Trade name/Brand	Indefinite	Straight-line
Technology	5 years	Straight-line

(n) Leases:

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The Company has included the estimated extension of their leases in the lease term in assessing the present value of future lease payments where the exercise of the extension options is reasonably certain. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of use assets are depreciated in accordance with the Company's accounting policy for plant and equipment.

(o) Non-current assets held for sale and discontinued operations:

The Company classifies non-current assets and disposal group as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal group classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **3. Material Accounting Policy Information (continued):**

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and plant are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net loss from discontinued operations for the year in the consolidated statements of loss and comprehensive loss. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

### **4. Current and future changes in accounting policies:**

The following amendments to standards and interpretations became effective for the annual periods beginning on or after January 1, 2024. The application of these amendments and interpretations had no significant impact on the Company's consolidated financial position or results of operations.

The IASB and the IFRIC have issued the following new and revised standards and interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

- (a) 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 consolidated financial statements.

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# **EARTHLABS INC.**

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### **4. Current and future changes in accounting policies (continued):**

- (b) 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 consolidated financial statements.
- (c) Effective January 1, 2025, the Company will adopt the amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The amendment specifies when a currency is exchangeable into another currency and when it is not, how a company determines the exchange rate to apply when a currency is not exchangeable, and the required disclosure of additional information when a currency is not exchangeable.
- (d) Effective January 1, 2026, the Company will adopt the amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments*. The amendments clarify the derecognition of financial liabilities, and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of no n-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI.
- (e) Effective January 1, 2027, the Company will adopt IFRS 18, *Presentation and Disclosure in Financial Statements*. The new standards replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information.

### **5. 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. 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.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**5. Acquisition of The Northern Miner Group (continued):**

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 December 31, 2024, the carrying-value of the promissory note was \$726,458 (December 31, 2023 - \$980,971). For the year ended December 31, 2024, the Company recorded accrued interest expense of \$35,565 (2023 - \$2,983) and a finance accretion expense of \$36,036 (2023 - \$2,911) in the 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:

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

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.

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.

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 5. Acquisition of The Northern Miner Group (continued):

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%

From the date of the acquisition to December 31, 2023, TNM Group contributed \$109,027 to the Company's revenues. Had the acquisition occurred on January 1, 2023, the Company's revenue for the year ended December 31, 2023 would have been \$3,150,045 higher.

### 6. Accounts receivable, net of expected credit losses:

As at December 31, 2024 and 2023, accounts receivable primarily consists of receivables relating to advertising services, subscriptions and sales of digital maps. See Note 26(a).

Accounts receivable, net of expected credit losses consist of the following as at December 31:

	2024	2023
Accounts receivable	\$ 803,734	\$ 275,825
Expected credit loss provision	(284,243)	(155,572)
	\$ 519,491	\$ 120,253

### 7. Investments, at fair value and financial instruments hierarchy:

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

	Fair Value	Cost
2024	\$ 32,912,428	\$ 30,528,207
2023	\$ 35,091,151	\$ 32,870,183

(b) As at December 31, 2024, included in investments, at fair value were securities of private companies with a fair value totaling \$7,787,963 and cost of \$6,132,684 (2023 – fair value of \$9,028,586 and cost of \$9,602,304) measured in accordance with the Company's accounting policy for private company investments.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**7. 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 year 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 December 31:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>Quoted market price</b>	<b>Valuation technique – observable market</b>	<b>Valuation technique – non-observable market inputs</b>	<b>Total</b>
<b>Investments, at fair value</b>				
<b>2024</b>	<b>\$ 20,507,431</b>	<b>\$ 4,617,034</b>	<b>\$ 7,787,963</b>	<b>\$ 32,912,428</b>
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 Consolidated Financial Statements

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### 7. 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 years ended December 31, 2024 and 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 losses are recognized in the consolidated statements of loss and comprehensive loss.

	Opening balance at January 1,	Purchases	Dispositions	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
2024	\$ 9,028,586	\$ 1,370,590	\$ (56,298)	\$ (3,970,912)	\$ 1,415,997	\$ 7,787,963
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 year are transferred to Level 1 or 2. These represents the only type of transfer between Levels during the year.

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

	Fair value at December 31, 2024	Valuation technique	Unobservable input	% of Investments
Unlisted private equities	\$ 749,800	New investment	Recent acquisition price	2.3
Unlisted private equities	7,038,163	Recent transaction calibration	Recent transaction calibration	21.4
	\$ 7,787,963			23.7

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

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **7. Investments at fair value and financial instruments hierarchy (continued):**

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 the investments will result in a corresponding +/- \$1,946,991 (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.

### **8. Equity investment:**

On December 31, 2024 and 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 17(c).

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

The following is a summary of the financial information of GPM (100%) for the year ended and as at December 31:

	<b>2024</b>	2023
Cash and cash equivalents	\$ <b>6,360,163</b>	\$ 6,478,205
Other current assets	<b>7,874</b>	18,997
Non-current assets	<b>146,775</b>	1,326,857
Current liabilities	<b>(5,919)</b>	(22,578)
Net assets	\$ <b>6,508,893</b>	\$ 7,801,481

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 8. Equity investment (continued):

	2024	2023
Amortization and depreciation	\$ -	\$ 635
Stock-based compensation expense	-	31,307
Other expenses	<b>1,484,243</b>	590,066
Total net loss	<b>1,484,243</b>	622,008
Other comprehensive income	<b>191,655</b>	231,297
Total net loss and comprehensive loss	<b>\$ 1,292,588</b>	<b>\$ 390,711</b>

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

	2024	2023
Opening net assets - GPM	\$ <b>7,801,481</b>	\$ 8,160,885
Net change in share capital and reserves - GPM	-	31,307
Total net loss and comprehensive loss - GPM	<b>(1,292,588)</b>	(390,711)
Closing net assets - GPM	\$ <b>6,508,893</b>	\$ 7,801,481
EarthLabs's ownership	<b>27.52%</b>	27.52%
EarthLabs's share of closing net assets	\$ <b>1,791,247</b>	\$ 2,146,968
Goodwill relating to investment in GPM	<b>(8,619)</b>	(8,616)
Carrying amount in the consolidated statements of financial position	\$ <b>1,782,628</b>	\$ 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 year	(107,524)
Equity investment as at December 31, 2023	\$ 2,138,352
EarthLabs's share of loss for the year	<b>(355,724)</b>
Equity investment at December 31, 2024	<b>\$ 1,782,628</b>

### 9. 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 December 31:

	2024	2023
Cash and cash equivalents	\$ <b>4,122,474</b>	\$ 5,227,657
Due from brokers	<b>416,907</b>	485,949
Accounts receivable, net of expected credit losses	<b>519,491</b>	120,253
Accounts payable and accrued liabilities	<b>(1,697,947)</b>	(1,287,021)
Promissory note	<b>(726,458)</b>	(980,971)
	<b>\$ 2,634,467</b>	<b>\$ 3,565,867</b>

# EARTHLABS INC.

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### 9. Financial assets and (liabilities) other than investments at fair value (continued):

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 December 31:

	2024	2023
Cash	\$ 696,575	\$ 135,578
Cash equivalents	3,425,899	5,092,079
	<b>\$ 4,122,474</b>	<b>\$ 5,227,657</b>

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

### 10. Prepays:

Prepays consist of the following as at December 31:

	2024	2023
Software subscriptions and licenses	\$ 192,913	\$ 151,249
Conferences and marketing	29,953	66,011
Insurance	18,312	18,702
Stock exchange listing fees	35,632	34,973
Other	4,382	1,857
	<b>\$ 281,192</b>	<b>\$ 272,792</b>

### 11. Property, equipment and right-of-use assets:

Property, equipment and right-of-use assets are as follows as at December 31, 2024 and 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
<b>Additions</b>	<b>47,461</b>	<b>48,555</b>	<b>-</b>	<b>-</b>	<b>96,016</b>
<b>Balance – December 31, 2024</b>	<b>\$ 55,139</b>	<b>\$ 98,768</b>	<b>\$ 1,212,817</b>	<b>\$ 33,067</b>	<b>\$ 1,399,791</b>

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 11. Property, equipment and right-of-use assets (continued):

<b>Accumulated Depreciation</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Right-of-use assets</b>	<b>Leasehold improvements</b>	<b>Total</b>
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
<b>Depreciation</b>	<b>10,304</b>	<b>26,458</b>	<b>178,554</b>	<b>4,724</b>	<b>220,040</b>
<b>Balance – December 31, 2024</b>	<b>\$ 10,714</b>	<b>\$ 34,846</b>	<b>\$ 220,400</b>	<b>\$ 5,118</b>	<b>\$ 271,078</b>

<b>Carrying Value</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Right-of-use assets</b>	<b>Leasehold improvements</b>	<b>Total</b>
Balance – December 31, 2023	\$ 7,268	\$ 41,825	\$ 1,170,971	\$ 32,673	\$ 1,252,737
<b>Balance – December 31, 2024</b>	<b>\$ 44,425</b>	<b>\$ 63,922</b>	<b>\$ 992,417</b>	<b>\$ 27,949</b>	<b>\$ 1,128,713</b>

### 12. Intangible assets:

A continuity of intangible assets are as follows for the years ended December 31, 2024 and 2023:

<b>Cost</b>	<b>Technology</b>	<b>Trade name/ Brand</b>	<b>Customer relationships</b>	<b>Total</b>
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)
<b>Balance – December 31, 2023 and 2024</b>	<b>\$ 60,000</b>	<b>\$1,330,000</b>	<b>\$1,760,000</b>	<b>\$ 3,150,000</b>

<b>Accumulated amortization</b>	<b>Technology</b>	<b>Trade name/ Brand</b>	<b>Customer relationships</b>	<b>Total</b>
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	<b>12,000</b>	<b>-</b>	<b>288,562</b>	<b>300,562</b>
<b>Balance – December 31, 2024</b>	<b>\$ 13,000</b>	<b>\$ -</b>	<b>\$ 310,562</b>	<b>\$ 323,562</b>

<b>Carrying Value</b>	<b>Technology</b>	<b>Trade name/ Brand</b>	<b>Customer relationships</b>	<b>Total</b>
Balance – December 31, 2023	\$ 59,000	\$ 1,330,000	\$ 1,738,000	\$ 3,127,000
<b>Balance – December 31, 2024</b>	<b>\$ 47,000</b>	<b>\$1,330,000</b>	<b>\$1,449,438</b>	<b>\$ 2,826,438</b>

# EARTHLABS INC.

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### 12. Intangible assets (continued):

For the year ended December 31, 2024, amortization expense related to intangible assets (continuing operations) amounted to \$300,562 (2023 - \$1,169,926), which are included in operating, general and administrative expenses in the consolidated statement of loss and comprehensive loss.

For the year ended December 31, 2024, impairment loss related to intangible assets amounted to \$Nil (2023 - \$7,319,149), which are included in the consolidated statement of loss and comprehensive loss.

### 13. Goodwill:

A continuity of the Company's goodwill is as follows for the years ended December 31, 2024 and 2023:

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

As at December 31, 2024, the Company assessed the goodwill recorded in connection with the acquisition of TNM Group for impairment. The Company performs goodwill impairment analysis annually by comparing recoverable amount of the CGUs calculated based on the discounted future estimated cash flows, to the carrying value of the CGUs. The Company applied the fair less cost of disposal method, using a five-year discounted future cash flow. The key assumptions used in the discounted cash flow model included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flow, were used by management as part of this model:

- (a) Revenue growth rate – represents the ability of the Company to generate revenue
- (b) Operating expense percentage – calculated as a percentage of revenue
- (c) Weighted average cost of capital – calculated as weighted average cost of the Company's cost of equity and cost of debt.

As at December 31, 2023, the Company determined the carrying value of the DigiGeoData CGU exceeded its recoverable amount and as a result, recognized an impairment loss of \$2,210,980.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**13. Goodwill (continued):**

The sensitivity analysis prepared by the Company for the goodwill impairment test of the TNM Group CGU is as follows:

<b>TNM Group CGU</b>			
<b>Unobservable Input</b>	<b>December 31, 2024</b>	<b>Sensitivity</b>	<b>Potential Impairment</b>
Revenue growth rate	-13% to 22%	Decrease by 5%	\$ -
Operating expense percentage	96%	Increase by 5%	751,929
Weighted average cost of capital	25%	Increase by 5%	377,275

<b>TNM Group CGU</b>			
<b>Unobservable Input</b>	<b>December 31, 2023</b>	<b>Sensitivity</b>	<b>Potential Impairment</b>
Revenue growth rate	3%	Decrease by 5%	\$ 370,000
Operating expense percentage	82%	Increase by 5%	1,520,000
Weighted average cost of capital	12%	Increase by 5%	1,270,000

As at December 31, 2024 and 2023, the Company noted that the recoverable amount was greater than the carrying value of the TNM Group CGU and that no impairment was required.

**14. Deferred revenue:**

Deferred revenues are recognized in connection with consulting income, advertising and subscription revenues, sale of exploration maps, and software licensing.

Consulting income earned through EarthLabs is recognized on service contracts based on the number of labour hours incurred as a percentage of the total labour hours required to complete the contract. Generally, the Company has service contracts which are between 6 to 18 months long. Service contracts are completed upon providing the final deliverable to the customer which include a final report and presentation of the work performed. There may be differences between the timing of collections and the number of labour hours incurred at year end.

Executive advertising revenues earned through CEO.CA and EMI 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 6-12 months in length. There may be differences between the timing of collections and the number of digital advertising impressions provided at year end.

The Company also recognizes revenues earned in connection with the sale of digital advertising packages, subscriptions, PCS 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 year end.

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

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 14. Deferred revenue (continued):

The following table summarizes the changes in the Company's deferred revenue during the years ended December 31:

	2024	2023
Deferred revenue, at beginning of the year	\$ 1,921,102	\$ 1,004,440
Amounts billed	6,263,399	3,214,682
Additions - acquisition of The Northern Miner Group	-	195,209
Revenue recognized	(4,732,457)	(2,493,229)
Deferred revenue, at end of the year	\$ 3,452,044	\$ 1,921,102

As at December 31, 2024, deferred revenue related to continuing operations was \$3,452,044 (December 31, 2023 - \$1,921,102) and the Company expects that a majority of the deferred revenue will be recognized in fiscal 2025.

### 15. 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 years ended December 31, 2024 and 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	(231,712)
Finance expense	108,203
<b>Balance - December 31, 2024</b>	<b>\$ 1,031,645</b>

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 15. Lease liabilities (continued):

	2024	2023
Current lease liabilities	\$ 141,992	\$ 123,382
Non-current lease liabilities	889,653	1,031,772
Total lease liabilities	\$ 1,031,645	\$ 1,155,154

As at December 31, 2024, future minimum annual lease payments for premises and vehicles are approximately as follows:

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	1,347,563
Discount at effective interest rate of 9%-15%	(315,918)
Net lease liabilities, as at December 31, 2024	1,031,645
Non-current lease liabilities as at December 31, 2024	(889,653)
Current lease liabilities as at December 31, 2024	\$ 141,992

### 16. Income tax expense and deferred tax assets (liabilities):

(a) Income tax expense attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2023 – 26.5%) of pre-tax income as a result of the following for the years ended December 31:

	2024	2023
Loss before income taxes	\$ (6,573,213)	\$ (18,691,363)
Computed "expected" income tax recovery	(1,741,901)	(4,953,211)
Non-taxable net investment losses (gains)	(26,254)	286,258
Non-taxable loss from equity investment	47,133	14,247
Non-deductible expenses and other adjustments	155,244	613,054
Prior period adjustment	27,353	67,675
Goodwill impairment	-	585,910
Net deferred tax assets not recognized (recognition of tax benefit not previously recognized)	1,152,496	1,233,826
Income tax recovery	\$ (385,929)	\$ (2,152,241)

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 16. Income tax expense and deferred tax assets (liabilities) (continued):

- (b) Significant components of the income tax expense for the years ended December 31 are as follows:

	2024	2023
Current income tax recovery	\$ (181,239)	\$ (784,930)
Deferred taxes		
Income taxes - origination and reversal of temporary differences	(204,690)	(1,367,311)
Income tax recovery	\$ (385,929)	\$ (2,152,241)

- (c) Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The following table summarizes the movement in the net deferred tax liabilities for the years ended December 31:

	2024	2023
Balance at the beginning of the year	\$ (204,690)	\$ (1,572,001)
Recognized in the consolidated statements of loss and comprehensive loss	204,690	1,367,311
Balance at the end of the year	\$ -	\$ (204,690)

- (d) The following table summarizes the components of deferred tax assets (liabilities) for the years ended December 31:

	2024	2023
Non-capital losses	\$ 443,899	\$ 62,952
Share issuance costs and net other assets	-	134,785
Investments	(419,428)	(337,507)
Deferred tax liability on investments in subsidiaries	(9,766)	(53,735)
Right-of-use assets	-	(4,191)
Property and equipment	(14,705)	(4,588)
Other assets under ITA Section 12(1)(x)	-	(2,406)
Net deferred tax liabilities	\$ -	\$ (204,690)

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# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 17. Related party transactions:

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

- (a) During the years ended December 31, 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 Secretary ("CFO"), Cejay Kim, its Chief Business Officer, and Mat 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 consolidated statements of loss and comprehensive loss as follows:

	<b>2024</b>	<b>2023</b>
Salaries and consulting fees	\$ <b>1,125,000</b>	\$ 1,425,000
Directors fees	<b>80,000</b>	229,125
Stock-based compensation expense	<b>47,941</b>	1,494,068
Employee benefits	<b>20,728</b>	17,168
	<b>\$ 1,273,669</b>	\$ 3,165,361

For the year ended December 31, 2024, included in salaries and consulting fees are cash bonuses paid to key management personnel totaling \$Nil (2023 - \$300,000).

- (b) During the year ended December 31, 2024, the Company recorded consulting revenue of \$18,000 (2023 - \$29,614) from New Found Gold Corp ("NFGC"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "NFG". As at December 31, 2024, the Company held an investment in NFGC with a fair value of \$3,875,417 (December 31, 2023 - \$8,826,300). During the years ended December 31, 2024 and 2023, the Company's EC&CEO was also a director and President of NFGC. Effective December 16, 2024, the Company's EC&CEO ceased to hold any officer or director position with NFGC.
- (c) As at December 31, 2024, the Company also has an equity investment in Golden Planet Mining Corp. of \$1,782,628 (December 31, 2023 - \$2,138,352). The Company's EC&CEO is also a director and CEO of GPM. See Note 7.
- (d) As at December 31, 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 \$150,000 (December 31, 2023 - \$461,500). The Company's CIO is also a director and the CEO of Sterling.

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## **EARTHLABS INC.**

### **Notes to the Consolidated Financial Statements**

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#### **17. Related party transactions (continued):**

- (e) As at December 31, 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 \$400,614 (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 December 31, 2024 and 2023, the Company owns less than 10% of KLDC's outstanding shares.
- (f) During the year ended December 31, 2024, the Company recorded other revenue of \$5,525 (2023 - \$Nil) from Harfang Exploration Inc. ("Harfang"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "HAR". As at December 31, 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 interim CEO and a director of Harfang.
- (g) As at December 31, 2024, included in accounts payable and accrued liabilities is \$6,882 (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.

#### **18. Equity:**

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

On September 25, 2024, EarthLabs acquired certain social media accounts by issuing an aggregate of 243,902 common shares at a fair value of \$50,000.

- (b) Stock options:

The Company grants stock options to eligible directors, officers, key employees and consultants under its 2018 stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares that may be issued pursuant to the exercise of options granted under the plan may not exceed 20% of the number of common shares outstanding at the time of grant. The exercise price of an option granted under the plan cannot be less than the closing price of the common shares on the last day on which the common shares trade prior to the grant date of the option. An individual can receive grants of no more than 5% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding five years.

Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

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### 18. Equity (continued):

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	<b>94.8%-96.5%</b>
Expected dividend yield	<b>0%</b>
Risk-free interest rate	<b>3.24%-3.96%</b>
Expected option life in years	<b>5 years</b>
Expected forfeiture rate	<b>0%</b>
Fair value per stock option granted on September 8, 2023	<b>\$ 0.149</b>
Fair value per stock option granted on December 15, 2023	<b>\$ 0.147</b>

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.

For the year ended December 31, 2024, included in the consolidated statements of loss and comprehensive loss is stock-based compensation expense of \$267,453 (2023 - \$2,039,489) 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 December 31, 2024 and 2023 and changes during the years then ended is presented below:

	December 31, 2024		December 31, 2023	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
<b>Stock options</b>				
Outstanding, at beginning of year	<b>20,172,799</b>	<b>\$ 0.24</b>	12,687,727	\$ 0.40
Granted	-	-	14,289,600	0.20
Exercised	<b>(166,666)</b>	<b>0.20</b>	(833,334)	0.18
Cancelled/forfeited	<b>(461,334)</b>	<b>0.26</b>	(5,971,194)	0.48
Outstanding, at end of year	<b>19,544,799</b>	<b>\$ 0.24</b>	20,172,799	\$ 0.24
Exercisable, at end of year	<b>17,923,050</b>	<b>\$ 0.24</b>	16,423,188	\$ 0.24

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 18. Equity (continued):

As at December 31, 2024, the weighted average remaining life of the stock options was 2.9 years (2023 – 4.0 years).

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2024:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
<b>1,861,533</b>	<b>1,861,533</b>	<b>\$ 0.24</b>	<b>February 1, 2025</b>
<b>1,500,000</b>	<b>1,500,000</b>	<b>0.18</b>	<b>July 15, 2025</b>
<b>275,000</b>	<b>275,000</b>	<b>0.68</b>	<b>April 27, 2026</b>
<b>2,190,000</b>	<b>2,190,000</b>	<b>0.485</b>	<b>May 31, 2027</b>
<b>12,850,000</b>	<b>11,799,992</b>	<b>0.20</b>	<b>September 8, 2028</b>
<b>868,266</b>	<b>296,525</b>	<b>0.20</b>	<b>December 15, 2028</b>
<b>19,544,799</b>	<b>17,923,050</b>		

(c) Broker warrants/compensation options:

During the year ended December 31, 2023, 79,556 broker warrants exercisable at \$0.80 per share expired and the Company reallocated \$41,051 from warrants to contributed surplus. As at December 31, 2024 and 2023, there were no broker warrants or compensation options outstanding.

(d) Basic and diluted loss per common share based on net loss for the years ended December 31:

<b>Numerator:</b>	<b>2024</b>	<b>2023</b>
Net loss from continuing operations	<b>\$ (6,187,284)</b>	<b>\$ (16,539,122)</b>
Working capital adjustments from disposition of subsidiaries and assets, net of tax	<b>-</b>	<b>(84,561)</b>
Net loss for the year	<b>\$ (6,187,284)</b>	<b>\$ (16,623,683)</b>

<b>Denominator:</b>	<b>2024</b>	<b>2023</b>
Weighted average number of common shares outstanding – basic	<b>137,550,617</b>	<b>137,308,746</b>
Weighted average effect of diluted stock options and warrants (i)	<b>-</b>	<b>-</b>
Weighted average number of common shares outstanding – diluted	<b>137,550,617</b>	<b>137,308,746</b>

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 18. Equity (continued):

Basic and diluted loss per common share for the year:	2024	2023
Continuing operations	\$ (0.04)	\$ (0.12)
Discontinued operations	0.00	0.00
Net loss for the year	\$ (0.04)	\$ (0.12)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 19,544,799 shares related to convertible securities that were anti-dilutive for the year ended December 31, 2024 (2023 – 20,172,799).

(e) 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 December 31:

	2024	2023
Common shares outstanding	137,799,095	137,388,527
Stock options to purchase common shares	19,544,799	20,172,799
Fully diluted common shares outstanding	157,343,894	157,561,326

### 19. 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, EMI 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 consolidated financial statements. The Company does not report total assets or total liabilities based on its reportable operating segments.

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### 20. Net investment losses:

Net investment losses comprises of the following for the year ended December 31:

	2024	2023
Net realized gains (losses) on disposal of investments	\$ (2,812)	\$ (974,809)
Net change in unrealized gains on investments	163,253	(1,302,520)
	\$ 160,441	\$ (2,277,329)

### 21. Other income:

Other income comprises of the following for the year ended December 31:

	2024	2023
Other sales	\$ 484,810	\$ 119,767
Interest income	187,909	708,601
Grants and subsidies	64,326	-
Consulting income and other	18,891	36,796
Dividend income	20	37,616
	\$ 755,956	\$ 902,780

### 22. Expenses by nature:

Included in operating, general, and administrative expenses for the years ended December 31, are the following expenses:

		Twelve months ended December 31,	
	Notes	2024	2023
Salaries and consulting fees	17(a)	\$ 6,134,815	\$ 3,119,369
Software licensing fees		1,538,163	825,128
Other office and general		730,702	273,265
Professional fees		625,746	793,429
Amortization and depreciation	11, 12	520,602	1,244,410
Other employee benefits		479,560	214,602
Travel and promotion		577,377	214,666
Stock-based compensation expense	17(a), 18(b)	267,453	2,039,489
Shareholder relations and filing fees		174,212	142,915
Provision for ECLs	6, 26(a)	131,347	47,931
Brokerage fees and transaction costs		87,985	123,024
Directors' fees	17(a)	80,000	229,125
Operating lease payments		3,750	62,311
Foreign exchange expense (gain)		(12,212)	28,995
		\$ 11,339,500	\$ 9,358,659

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# **EARTHLABS INC.**

## **Notes to the Consolidated Financial Statements**

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### **23. Tax credits:**

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce income tax payable in the current year and future years.

During the year ended December 31, 2024, the Company recognized \$16,279 (2023 - \$50,005) of federal and provincial Investment Tax Credits, which has been deducted from operating, general and administrative expenses. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency ("CRA") and provincial tax government.

Adjustments to the claim, if any, will be accounted for in the year of assessment and would be deducted from operating, general and administrative expenses.

### **24. Supplemental disclosure of cash flow information:**

The following table shows the supplemental cash flow information for the year ended December 31:

	<b>2024</b>	2023
Income taxes paid	\$ -	\$ 1,057,279
Interest paid	<b>43,374</b>	10,532

### **25. Management of capital:**

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 attributable to shareholders of the Company which amounts to \$37,825,135 on December 31, 2024 (2023 – \$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.

The Company's objectives when managing capital are:

- (a) to ensure that the Company maintains the level of capital necessary to meet its working capital;
- (b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- (c) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

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## **EARTHLABS INC.**

### **Notes to the Consolidated Financial Statements**

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#### **25. Management of capital (continued):**

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) maintaining a pipeline of customer orders;
- (b) realizing proceeds from the disposition of its investments; and
- (c) raising capital through share or debt financings.

There were no changes in the Company's approach to capital management during the year ended December 31, 2024. 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 December 31, 2024.

#### **26. 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 year ended December 31, 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.

# EARTHLABS INC.

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### 26. Financial instruments and financial risk management (continued):

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 \$5,058,872 as at December 31, 2024 (2023 - \$5,833,859).

An aging of accounts receivable, net of expected credit losses are as follows as at December 31:

	2024	2023
Accounts receivable aging		
0-30 days	\$ 299,055	\$ 109,568
31-60 days	103,543	572
61-90 days	116,893	-
Greater than 90 days	284,243	165,685
	\$ 803,734	\$ 275,825
Expected credit loss provision	(284,243)	(155,572)
Accounts receivable, net of expected credit losses	\$ 519,491	\$ 120,253

The movement in the expected credit loss provision can be reconciled as follows as at December 31:

	2024	2023
Expected credit loss provision:		
Expected credit loss provision, beginning balance	\$ (155,572)	\$ (107,641)
Provision used during the year	2,676	-
Provision recorded during the year	(131,347)	(47,931)
Expected credit loss provision, ending balance	\$ (284,243)	\$ (155,572)

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at December 31, 2024:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		0%	0%	0%	100%
Accounts receivable	\$ 803,734	\$ 299,055	\$ 103,543	\$ 116,893	\$ 284,243
Expected credit loss provisions	\$ 284,243	\$ -	\$ -	\$ -	\$ 284,243

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 26. Financial instruments and financial risk management (continued):

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.

(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 December 31, 2024 and 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:	December 31, 2024	December 31, 2023
Australian dollars	\$ 2,415,635	\$ 907,200
Great British pounds	153,750	471,000
U.S dollars	2,583,130	872,092
	\$ 5,152,515	\$ 2,250,292

There were no changes in the way the Company manages market risk during the years ended December 31, 2024 and 2023.

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**EARTHLABS INC.****Notes to the Consolidated Financial Statements****December 31, 2024 and 2023****(Prepared in Canadian dollars)**

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**26. Financial instruments and financial risk management (continued):**

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended December 31, 2024 from a change in the fair value price of the Company's investments with all other variables held constant as at December 31, 2024:

<b>Percentage of change in closing trade price</b>	<b>Decrease in after-tax net loss from % increase in closing trade price</b>	<b>Increase in after-tax net loss from % decrease in closing trade price</b>
<b>2%</b>	<b>\$ 571,031</b>	<b>\$ (571,031)</b>
<b>4%</b>	<b>1,142,061</b>	<b>(1,142,061)</b>
<b>6%</b>	<b>1,713,092</b>	<b>(1,713,092)</b>
<b>8%</b>	<b>2,284,123</b>	<b>(2,284,123)</b>
<b>10%</b>	<b>2,855,153</b>	<b>(2,855,153)</b>

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended December 31, 2023 from a change in the fair value price of the Company's investments with all other variables held constant as at December 31, 2023:

<b>Percentage of change in closing trade price</b>	<b>Decrease in after-tax net loss from % increase in closing trade price</b>	<b>Increase in after-tax net loss from % decrease in closing trade price</b>
<b>2%</b>	<b>\$ 608,831</b>	<b>\$ (608,831)</b>
<b>4%</b>	<b>1,217,663</b>	<b>(1,217,663)</b>
<b>6%</b>	<b>1,826,494</b>	<b>(1,826,494)</b>
<b>8%</b>	<b>2,435,326</b>	<b>(2,435,326)</b>
<b>10%</b>	<b>3,044,157</b>	<b>(3,044,157)</b>

**(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 year ended December 31, 2024. The Company's accounts payable and accrued liabilities are due within less than 1 year as at December 31, 2024 and 2023. The Company's cash and cash equivalents balance is sufficient to meet the Company's current liabilities.

# EARTHLABS INC.

## Notes to the Consolidated Financial Statements

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### 26. 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, 2024:

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	\$ 1,697,947	\$ 1,697,947	\$ -	\$ -	\$ -
Sales tax payable	197,481	197,481	-	-	-
Deferred revenue	3,452,044	-	-	-	3,452,044
Promissory note	726,458	726,458	-	-	-
Office and other lease payments	1,347,563	236,483	696,393	414,687	-
	\$ 7,421,493	\$ 2,858,369	\$ 696,393	\$ 414,687	\$ 3,452,044

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 December 31, 2024:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-liquid assets
Cash and cash equivalents	\$ 4,122,474	\$ 4,122,474	\$ -	\$ -	\$ -
Due from brokers	416,907	416,907	-	-	-
Accounts receivable, net of ECLs	519,491	519,491	-	-	-
Investments, at fair value	32,912,428	32,912,428	-	-	-
Equity investment	1,782,628	1,782,628	-	-	-
Sales tax recoverable	47,787	47,787	-	-	-
Income tax receivable	268,362	268,362	-	-	-
Prepays	281,192	-	-	-	281,192
Property and equipment	1,128,713	-	-	-	1,128,713
Intangible assets	2,826,438	-	-	-	2,826,438
Goodwill	624,290	-	-	-	624,290
	\$ 44,930,710	\$ 40,070,077	\$ -	\$ -	\$ 4,860,633

# EARTHLABS INC.

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### 26. Financial instruments and financial risk management (continued):

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

#### (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.

As at December 31, 2024, the Company had net \$8,748 (US\$6,080) in cash and cash equivalents, due from brokers, accounts receivable, and accounts payable (2023 - \$1,132,629 (US\$856,366)) 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 year would have decreased or increased, respectively, by approximately \$437 (2023 - \$56,631). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

### 27. Commitments and contingencies:

In addition to the Company's liabilities and obligations (see Note 26(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.

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**27. Commitments and contingencies (continued):**

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 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.

**28. Subsequent events:**

- (a) Subsequent to December 31, 2024, 2,193,866 options exercisable at prices between \$0.20 and \$0.485 per share expired.
- (b) On February 1, 2025, EarthLabs completed a vertical short form amalgamation with its wholly-owned subsidiary, DigiGeoData. The amalgamation was undertaken in order to simplify the corporate structure of the Company and to reduce administrative costs. The amalgamation will not have any significant effect on the business and operations of EarthLabs and the shares of EarthLabs will continue to be listed on the TSX Venture Exchange.