

# LAVRAS GOLD



**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**  
**Three and Nine months ended September 30,  
2024**  
**(Unaudited)**

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## **MANAGEMENT IS RESPONSIBLE FOR THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These condensed interim financial statements of Lavras Gold Corp. for the three and nine months ended September 30, 2024, have been prepared by Lavras Gold's management and are their sole responsibility.

/s/ Hemdat Sawh  
Chief Financial Officer

Toronto, Ontario  
November 29, 2024

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)  
(Unaudited)

|  | Notes | As at                 |                      |
|--|-------|-----------------------|----------------------|
|  |       | September<br>30, 2024 | December<br>31, 2023 |
|  |       | \$                    | \$                   |
| <b>Current assets</b>                    |       |                       |                      |
| Cash and cash equivalents                | 3     | 4,200,394             | 11,052,838           |
| Accounts receivable                      |       | 27,853                | 30,915               |
| Prepays and deposits                     |       | 51,044                | 69,010               |
|  |       | <b>4,279,291</b>      | 11,152,763           |
| <b>Non-current assets</b>                |       |                       |                      |
| Exploration and evaluation properties    | 5     | 21,862,673            | 15,977,767           |
| Property and equipment                   | 6     | 288,535               | 395,661              |
|  |       | <b>22,151,208</b>     | 16,373,428           |
| <b>Total assets</b>                      |       | <b>26,430,499</b>     | 27,526,191           |
| <b>Liabilities and equity</b>            |       |                       |                      |
| <b>Current liabilities</b>               |       |                       |                      |
| Accounts payable and accrued liabilities |       | 994,770               | 570,102              |
| Current portion of lease liabilities     | 7     | 46,005                | 49,373               |
|  |       | <b>1,040,775</b>      | 619,475              |
| <b>Non-current liabilities</b>           |       |                       |                      |
| Lease liabilities                        | 7     | 105,172               | 154,440              |
| <b>Total liabilities</b>                 |       | <b>1,145,947</b>      | 773,915              |
| <b>Equity</b>                            |       |                       |                      |
| Capital stock                            | 8(b)  | 29,887,759            | 29,881,895           |
| Contributed surplus                      | 8(c)  | 2,198,738             | 839,293              |
| Deficit                                  |       | (6,801,945)           | (3,968,912)          |
|  |       | <b>25,284,552</b>     | 26,752,276           |
| <b>Total liabilities and equity</b>      |       | <b>26,430,499</b>     | 27,526,191           |

Business of Lavras Gold and going concern (Note 1)

Contingencies (Note 13)

Subsequent event (Note 14)

## Approved by the Board

/s/ Lawrence Lepard  
Chair, Audit Committee

/s/ Rowland Uloth  
Chair, Board of Directors

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

(Unaudited)

|   | Notes       | Three months ended September 30 |            | Nine months ended September 30 |             |
|---|-------------|---------------------------------|------------|--------------------------------|-------------|
|   |             | 2024                            | 2023       | 2024                           | 2023        |
|   |             | \$                              | \$         | \$                             | \$          |
| Expenses (income)                                       |             |                                 |            |                                |             |
| General and administrative                              | 11          | <b>556,024</b>                  | 409,022    | <b>1,848,347</b>               | 1,335,438   |
| Share-based payments                                    | 8(c),<br>10 | <b>200,000</b>                  | 161,876    | <b>1,256,031</b>               | 218,400     |
| Depreciation  |             | <b>5,636</b>                    | 9,637      | <b>21,570</b>                  | 27,096      |
| Foreign exchange loss (gain)                            |             | <b>17,067</b>                   | (7,269)    | <b>(9,170)</b>                 | 16,657      |
| Interest income   |             | <b>(68,678)</b>                 | (9,920)    | <b>(320,359)</b>               | (54,540)    |
| Interest and finance charges                            |             | <b>11,109</b>                   | 13,032     | <b>36,614</b>                  | 47,353      |
|   |             | <b>721,158</b>                  | 576,378    | <b>2,833,033</b>               | 1,590,404   |
| Total loss and comprehensive loss                       | 9           | <b>(721,158)</b>                | (576,378)  | <b>(2,833,033)</b>             | (1,590,404) |
|   |             |                                 |            |                                |             |
| Basic and diluted loss per share                        | 9           | <b>(0.01)</b>                   | (0.01)     | <b>(0.06)</b>                  | (0.04)      |
|   |             |                                 |            |                                |             |
| Weighted average shares outstanding – basic and diluted | 9           | <b>51,358,274</b>               | 41,441,396 | <b>51,354,782</b>              | 41,217,614  |

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

(Unaudited)

|   | Notes | Shares<br>#       | Capital<br>stock<br>\$ | Contributed<br>surplus<br>\$ | Deficit<br>\$      | Total<br>equity<br>\$ |
|---|-------|-------------------|------------------------|------------------------------|--------------------|-----------------------|
| <b>Balance December 31, 2022</b>              |       | <b>41,103,869</b> | <b>16,441,548</b>      | <b>492,632</b>               | <b>(1,931,684)</b> | <b>15,002,496</b>     |
| Share-based payments                          | 8(c)  | –                 | –                      | 288,471                      | –                  | 288,471               |
| Exercise of stock options                     | 8(c)  | 25,000            | 15,355                 | (6,605)                      | –                  | 8,750                 |
| Private placement, net of cost<br>of issue    | 8(b)  | 10,146,647        | 13,380,529             | –                            | –                  | 13,380,529            |
| Loss and comprehensive<br>loss for the period |       | –                 | –                      | –                            | (1,590,404)        | (1,590,404)           |
| <b>Balance September 30, 2023</b>             |       | <b>51,275,516</b> | <b>29,837,432</b>      | <b>774,498</b>               | <b>(3,522,088)</b> | <b>27,089,842</b>     |
| Share-based payments                          | 8(c)  | –                 | –                      | 83,933                       | –                  | 83,933                |
| Exercise of stock options                     | 8(c)  | 77,500            | 44,463                 | (19,138)                     | –                  | 25,325                |
| Loss and comprehensive<br>loss for the period |       | –                 | –                      | –                            | (446,824)          | (446,824)             |
| <b>Balance December 31, 2023</b>              |       | <b>51,353,016</b> | <b>29,881,895</b>      | <b>839,293</b>               | <b>(3,968,912)</b> | <b>26,752,276</b>     |
| Share-based payments                          | 8(c)  | –                 | –                      | 1,361,971                    | –                  | 1,361,971             |
| Exercise of stock options                     | 8(c)  | 11,250            | 5,864                  | (2,526)                      | –                  | 3,338                 |
| Loss and comprehensive<br>loss for the period |       | –                 | –                      | –                            | (2,833,033)        | (2,833,033)           |
| <b>Balance September 30, 2024</b>             |       | <b>51,364,266</b> | <b>29,887,759</b>      | <b>2,198,738</b>             | <b>(6,801,945)</b> | <b>25,284,552</b>     |

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

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

(Unaudited)

|  | Notes | Three months ended September 30 |                   | Nine months ended September 30 |                   |
|--|-------|---------------------------------|-------------------|--------------------------------|-------------------|
|  |       | 2024                            | 2023              | 2024                           | 2023              |
|  |       | \$                              | \$                | \$                             | \$                |
| <b>Operating activities</b>  |       |                                 |                   |                                |                   |
| Net loss for the period  |       | (721,158)                       | (576,378)         | (2,833,033)                    | (1,590,404)       |
| Share-based payments   |       | 200,000                         | 161,876           | 1,256,031                      | 218,400           |
| Depreciation   |       | 5,636                           | 9,637             | 21,570                         | 27,096            |
| Interest and foreign exchange adjustment on lease liabilities                      | 7     | (3,623)                         | 8,487             | 640                            | 31,031            |
|  |       | (519,145)                       | (396,378)         | (1,554,792)                    | (1,313,877)       |
| Accounts receivable  |       | 23,298                          | 1,209             | 3,062                          | (9,390)           |
| Prepays and deposits   |       | 24,686                          | (6,019)           | 17,966                         | 12,014            |
| Accounts payable and accrued liabilities   |       | (68,236)                        | 29,217            | (1,552)                        | 11,268            |
| Net cash used in operating activities  |       | (539,397)                       | (371,971)         | (1,535,316)                    | (1,299,985)       |
| <b>Investing activities</b>  |       |                                 |                   |                                |                   |
| Exploration and evaluation properties  |       | (1,657,276)                     | (701,644)         | (5,229,588)                    | (2,282,532)       |
| Property and equipment   |       | (12,845)                        | (679)             | (37,602)                       | (210,302)         |
| Net cash used in investing activities  |       | (1,670,121)                     | (702,323)         | (5,267,190)                    | (2,492,834)       |
| <b>Financing activities</b>  |       |                                 |                   |                                |                   |
| Repayment of lease liabilities   |       | (15,149)                        | (22,572)          | (53,276)                       | (66,677)          |
| Common shares issued under private placement                                       | 8(b)  | —                               | 13,697,973        | —                              | 13,697,973        |
| Common shares issue cost   | 8(b)  | —                               | (317,444)         | —                              | (317,444)         |
| Exercise of stock options  |       | 3,338                           | 8,750             | 3,338                          | 8,750             |
| Net cash (used in)/from financing activities                                       |       | (11,811)                        | 13,366,707        | (49,938)                       | 13,322,602        |
| <b>Change in cash and cash equivalents during the period</b>                       |       | <b>(2,221,329)</b>              | <b>12,292,413</b> | <b>(6,852,444)</b>             | <b>9,529,783</b>  |
| <b>Cash and cash equivalents, beginning of period</b>                              |       | <b>6,421,723</b>                | <b>2,031,623</b>  | <b>11,052,838</b>              | <b>4,794,253</b>  |
| <b>Cash and cash equivalents, end of period</b>                                    |       | <b>4,200,394</b>                | <b>14,324,036</b> | <b>4,200,394</b>               | <b>14,324,036</b> |
| <b>Supplemental cash flow information</b>  |       |                                 |                   |                                |                   |
| Cash interest earned   |       | 68,678                          | 9,920             | 320,359                        | 54,540            |
| <b>Non-cash investing activities</b>   |       |                                 |                   |                                |                   |
| Exploration and evaluation expenses included in accounts payable                   | 5     | 748,334                         | 569,186           | 748,334                        | 1,327,824         |
| Capitalized depreciation included in exploration and evaluation properties         | 5,6   | 84,064                          | 46,463            | 123,158                        | 108,270           |
| Capitalized share-based payments included in exploration and evaluation properties | 5     | 95,817                          | 25,830            | 105,940                        | 70,071            |

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

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

## 1. Business of Lavras Gold and going concern

Lavras Gold Corp. (Lavras Gold) was incorporated under the *British Columbia Business Corporations Act* on November 25, 2021, solely to participate in an Arrangement Agreement between Amarillo Gold Corporation (Amarillo) and Hochschild Mining PLC (Hochschild) dated November 29, 2021 (the Arrangement).

The Company's head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, Canada M5C 1P1.

The registered office is at 1055 Dunsmuir Street, Suite 3000, Vancouver, British Columbia, Canada V7X 1K8.

Lavras Gold is listed on the TSXV under the symbol LGC and on the OTCQX under the symbol LGCFF.

All dollar amounts are in Canadian dollars unless otherwise noted.

The Company's Board of Directors authorized the issue of these condensed interim consolidated financial statements on November 29, 2024.

### GOING CONCERN

The Company has not earned any revenue to date from our operations. the nature of the Company's business is exploring the Lavras do Sul Project (the "LDS Project").

The recoverability of the LDS Project's carrying values and the related deferred exploration and evaluation expenditures depend on:

- discovering economically recoverable reserves.
- maintaining an interest in the underlying mineral claims.
- the Company's ability to obtain necessary financing to complete their development.
- establishing profitable production in the future or selling the properties for sufficient proceeds.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business.

However, Lavras Gold is an exploration-focused and subject to the risks and challenges of companies in the same sector. These include exploration, development, and operational risks that are standard to the mining industry. Current market conditions also include other uncertainties like the volatility of precious metal prices and the broader global economy.

These risks mean that although additional financing will be required to carry out future exploration activities, there can be no assurance that funding initiatives will be successful or that the Company will have access to adequate funding or funding under favourable terms.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption deemed inappropriate. These adjustments could be material.

Lavras Gold has an accumulated deficit of \$6,801,945 (December 31, 2023: \$3,968,912) as of September 30, 2024 and working capital of \$3,238,516 (December 31, 2023: \$10,533,288). The Company's ability to continue operating depends on its ability to continue to raise adequate financing, operate profitably in the future, and repay liabilities arising from normal operations as they come due. As such, the material uncertainties listed above may cast significant doubt upon its ability to continue as a going concern.

## 2. Basis of presentation

These condensed interim consolidated financial statements have been prepared according to IAS 34 – Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). These accounting policies are consistent with IFRS Accounting Standards (IFRS) as issued by the IASB and the International Financial Reporting Interpretations Committee.

Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023.

Preparing condensed interim consolidated financial statements that conform with IFRS requires management to make judgments, estimates, and assumptions that affect how policies are applied, and reported amounts of assets, liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and the results are used to make judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies, critical judgements, and estimates used to prepare these condensed interim consolidated financial statements are consistent with those applied and disclosed in our audited consolidated financial statements for the year ended December 31, 2023.

The interim results do not necessarily indicate the results for a full year.

These condensed interim consolidated financial statements are presented in Canadian dollars and include our Brazilian subsidiaries as detailed below.

| <b>Subsidiary</b>                             | <b>Ownership</b> |
|---|------------------|
| LDS Mineração do Brasil Ltda (LDS)            | 100%             |
| Lavras do Sul Mineração do Brasil Ltda (LDSM) | 49%              |

Although Lavras Gold only has 49% of the voting rights in LDSM, Lavras Gold has determined that it has the full beneficial ownership over LDSM as Lavras Gold is exposed to variable returns from its involvement with LDSM and has the ability to affect those returns through its power to control the activities of LDSM. Accordingly, LDSM is fully consolidated in these condensed interim consolidated financial statements.

### 3. Financial risk factors and capital risk management

Lavras Gold's activities expose it to three key financial risks:

- credit risk.
- liquidity risk.
- market risk, including interest rate, foreign rate, and gold price risk.

The management team is responsible for managing these risks. It receives guidance from the Audit Committee under policies approved by the Board of Directors, which also provides regular guidance on overall risk management.

#### CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to make its payment obligations.

Lavras Gold's credit risk is primarily attributable to cash and cash equivalents of \$4,200,394 as of September 30, 2024 (December 31, 2023: \$11,052,838). Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

The Company believes that the credit risk for financial instruments included in accounts receivable is remote. Most of the receivables are made up of taxes receivable, so no amount was applied for credit losses.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Company will be unable to meet our short-term financial obligations.

The goal in managing this risk is to make sure the Company can meet its liabilities when they are due. However, there can be no assurance that adequate financing will be obtained in the future or that the terms of the financing will be favourable (Note 1).

On September 30, 2024, the Company had cash and cash equivalents balance of \$4,200,394 (December 31, 2023: \$11,052,838) to settle current liabilities of \$1,040,775 (December 31, 2023: \$619,475). Cash and cash equivalents consist of cash \$4,200,394 (December 31, 2023: \$9,545,948) and term deposits of \$nil (December 31, 2023: \$1,506,890).

## MARKET RISK

Market risk is the risk of loss from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

### *a) Interest rate risk*

Lavras Gold regularly monitors its cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as the cash is relatively unaffected by changes in short-term interest rates.

### *b) Foreign currency risk*

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars and Brazilian reais. The Company maintains a Brazilian real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

### *c) Commodity price risk*

Commodity price risk, specifically relating to the price of gold, could adversely affect Lavras Gold. In particular, future profitability and viability of development depends on the world market price of gold, which has fluctuated significantly in recent years.

Lavra Gold is not a gold producer as at September 30, 2024. However, gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options. This may also affect liquidity and the Company's ability to meet its ongoing obligations.

### *Sensitivity analysis*

Based on management's knowledge and experience of the financial markets, the following movements are reasonably possible over a twelve-month period.

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the nine months ended September 30, 2024.

Lavras is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, accounts receivable, accounts payable denominated in Brazilian reais, and cash denominated in U.S. dollars.

A plus or minus 5% change in the foreign exchange rate of the Brazilian real against the Canadian dollar would affect net loss for the nine months ended September 30, 2024, by approximately \$23,500 (2023: \$23,400).

A plus or minus 5% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect net loss for the nine months ended September 30, 2024, by approximately \$5,400 (2023: \$108,700).

## CAPITAL RISK MANAGEMENT

Capital structure is managed and adjusted based on the funds available to support the acquisition, exploration, and development of exploration and evaluation properties. The Board of Directors does not establish quantitative “return on capital” criteria for management, but rather relies on the expertise of management to sustain the future development of the business.

The Company considers its capital to be equity, which comprises share capital, other components of equity and accumulated deficit, which on September 30, 2024, totaled \$25,284,552 (December 31, 2023: \$26,752,276).

The exploration and evaluation properties in which we currently have an interest are in the exploration stage; as such the Company depends on external financing to fund activities. Lavras will continue to assess new properties and may seek to acquire interests in additional properties if management believes sufficient geologic or economic potential exists and if there are adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of Lavras Gold, is appropriate. There were no changes in its approach during the nine months ended September 30, 2024. Neither Lavras Gold nor its subsidiaries are subject to externally imposed capital requirements.

## 4. Categories of financial instruments

|   | As at                 |                      |
|---|-----------------------|----------------------|
|   | September<br>30, 2024 | December<br>31, 2023 |
|   | \$                    | \$                   |
| Financial assets                                  |                       |                      |
| Amortized cost                                    |                       |                      |
| Cash and cash equivalents                         | 4,200,394             | 11,052,838           |
|   | 7,412                 | 10,185               |
| Accounts receivable, excluding HST/GST receivable |                       |                      |
| Financial liabilities                             |                       |                      |
| Amortized cost                                    |                       |                      |
| Accounts payable and accrued liabilities          | 994,770               | 570,102              |
| Lease liabilities                                 | 151,177               | 203,813              |

## FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – valuation techniques using either direct observable inputs (i.e., prices) or indirect observable inputs (i.e., derived from prices) for the asset or liability, other than the quoted prices in Level 1
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts due to their short-term nature.

## 5. Exploration and evaluation properties

|  | Notes | As at                 |                      |
|--|-------|-----------------------|----------------------|
|  |       | September<br>30, 2024 | December<br>31, 2023 |
|  |       | \$                    | \$                   |
| <b>Acquisition costs</b>                           |       |                       |                      |
| Balance, beginning of period/year                  |       | 7,511,050             | 7,248,448            |
| Property payments                                  |       | 926,218               | 262,602              |
| Balance, end of period/year                        |       | 8,437,268             | 7,511,050            |
| <b>Exploration expenditures</b>                    |       |                       |                      |
| Balance, beginning of period/year                  |       | 8,466,717             | 3,372,106            |
| Expenditures during the period/year                |       |                       |                      |
| Drilling, assaying and related costs               |       | 3,123,069             | 3,551,476            |
| Supplies   |       | 261,380               | 88,497               |
| Consulting   |       | 568,090               | 475,284              |
| Salaries   |       | 393,640               | 461,174              |
| Transportation                                     |       | 77,398                | 98,738               |
| Travel and accommodation                           |       | 16,843                | 11,329               |
| Concession taxes                                   |       | 5,884                 | 4,120                |
| Software license renewal                           |       | 145,316               | -                    |
| Depreciation                                       |       | 123,158               | 143,478              |
| Share-based payments                               |       | 105,940               | 96,985               |
| Other exploration and evaluation expenses          |       | 137,970               | 163,530              |
| Total exploration expenditures for the period/year |       | 4,958,688             | 5,094,611            |
| Balance, end of period/year                        |       | 13,425,405            | 8,466,717            |
| <b>Total</b>                                       |       | <b>21,862,673</b>     | <b>15,977,767</b>    |

### LDS PROJECT

As of September 30, 2024, the LDS Project consisted of 37 mineral rights encompassing 23,463 hectares in the state of Rio Grande do Sul, Brazil.

The Company's mineral rights are held through LDSM, which was set up to meet the legal requirements for operating in a border zone. LDSM is a subsidiary that is controlled by its Brazilian subsidiary, LDS.

LDSM has 100% title in 32 mineral rights. The remaining 5 mineral rights are held through the Vidal de Souza Option Agreement.

### **RTDM Option Agreement**

Pursuant to the Arrangement Agreement (Note 1), Lavras Gold, through its subsidiaries, was assigned the rights and obligations under an option agreement (the RTDM Option Agreement) with Rio Tinto Desenvolvimentos Minerais Ltda. (RTDM).

RTDM acquired options to earn interests in mineral rights through agreements that were signed with two separate landowners: certain mineral rights (the CBC Mineral Rights) optioned by Companhia Brasileira do Cobre (CBC, CBC Option Agreement) and certain mineral rights (the VS Mineral Rights) optioned by the Vidal de Souza family (the Vidal de Souza Option Agreement).

The agreements with the landowners are described below. In addition, Lavras Gold must also pay RTDM:

- US\$1,806,000 upon receipt of the Installation License covering the LDS Project, and
- a 0.5% NSR on production from the mineral rights underlying the RTDM Option Agreement.

### **CBC Purchase Agreement**

On August 24, 2004, RTDM entered into the CBC Option Agreement with CBC for the CBC Mineral Rights.

On November 16, 2021, the CBC Option Agreement was replaced with an agreement to purchase the CBC Mineral Rights (the CBC Purchase Agreement).

The CBC Purchase Agreement required the following payments:

- a) US\$250,000 at execution (paid).
- b) US\$150,000 within one year of the date of execution (paid).
- c) six annual installments of US\$100,000, commencing on the second anniversary of the execution date; \$100,000 was paid in November 2023 leaving remaining payments of US\$500,000.
- d) the US\$500,000 payable under (c) above was paid in full in April 2024 as the Brazilian regulators approved the transfer of the CBC Mineral Rights to LDSM.

Lavras Gold must pay US\$50,000 each year if mining activities are not initiated within 10 years from the date of execution of the Purchase Agreement on November 16, 2021.

Lavras Gold must pay CBC a royalty equal to 1.5% of the gross revenue related to future mining activity on the CBC Mineral Rights. Lavras Gold has a right of first refusal for any proposed transfer by CBC of the royalty.

### **Vidal de Souza Option Agreement**

On October 22, 2004, RTDM entered into an option agreement with Vidal de Souza for the VS Mineral Rights that have been subsequently replaced with a series of purchase agreements (collectively, the VS Purchase Agreements).

The VS Purchase Agreements required the following payments by Lavras Gold:

- a) US\$55,000 at execution (paid)

- b) US\$320,000 within ten days of the date of applying for the mineral rights transfer. In Q3 2024, the Company prepaid US\$121,000 in anticipation of this transfer application.
- c) US\$625,000 within ten days of the date of obtaining title to the mineral rights.

Lavras Gold must make a single payment of US\$120,000 if mining activities are not initiated within six years from the date of obtaining title.

Lavras Gold must make a single payment of US\$80,000 if mining activities are not initiated within ten years from the date of obtaining title.

Lavras Gold must pay VS a royalty equal to 1.57% of the net revenue related to future mining activity on the VS Mineral Rights. Lavras Gold has a right of first refusal for any proposed transfer by VS of the royalty. VS has the option to sell the royalty to Lavras Gold for US\$5,000,000 during the first 60 days following the payment of the first quarterly instalment of royalty. Advance royalty payments of US\$350,000 are required if certain conditions are met.

### ***IAMGOLD Agreement***

Pursuant to the Arrangement Agreement (Note 1), Lavras Gold, through its subsidiaries, was assigned the rights and obligations under a purchase agreement (the IAMGOLD Purchase Agreement) with IAMGOLD Corporation (IAMGOLD) to obtain a 100% interest in four mineral rights (the BPML Mineral Rights).

The purchase price payable by Lavras Gold for the BPML Mineral Rights is US\$700,000, payable as follows:

- a) US\$50,000, payable within 12 months from the date of execution (paid).
- b) US\$50,000, within 10 days from the date the BPML Mineral Rights are transferred and assigned to LDSM (paid).
- c) US\$100,000, within 10 days from the date that Lavras Gold submits an economic exploitation plan that indicates the technical and economic feasibility of the project
- d) US\$100,000, within 10 days from the date that Lavras Gold completes a feasibility study
- e) US\$400,000, within 12 months from the date that Lavras Gold commences commercial production for any of the titles comprising the BPML Mineral Rights.

In addition, IAMGOLD received a 3.0% net smelter return royalty. Lavras Gold may, at any time, elect to purchase from IAMGOLD 1.0% of the royalty by paying to IAMGOLD the amount of US\$1,000,000.

## 6. Property and equipment

|   | Right-of-use<br>\$ | Leasehold<br>improvements<br>\$ | Furniture and<br>equipment<br>\$ | Computer<br>software<br>\$ | Computer<br>hardware<br>\$ | Total<br>\$    |
|---|--------------------|---------------------------------|----------------------------------|----------------------------|----------------------------|----------------|
| <b>Cost</b>                             |                    |                                 |                                  |                            |                            |                |
| <b>Balance as at December 31, 2022</b>  | <b>349,816</b>     | <b>33,688</b>                   | <b>25,419</b>                    | <b>57,154</b>              | <b>16,057</b>              | <b>482,134</b> |
| Change in estimate (Note 7)             | (76,923)           | –                               | –                                | –                          | –                          | (76,923)       |
| Additions for the year                  | 17,754             | –                               | 17,502                           | 182,422                    | 27,206                     | 244,884        |
| <b>Balance as at December 31, 2023</b>  | <b>290,647</b>     | <b>33,688</b>                   | <b>42,921</b>                    | <b>239,576</b>             | <b>43,263</b>              | <b>650,095</b> |
| Additions for the period                | –                  | –                               | 15,004                           | –                          | 22,598                     | 37,602         |
| <b>Balance as at September 30, 2024</b> | <b>290,647</b>     | <b>33,688</b>                   | <b>57,925</b>                    | <b>239,576</b>             | <b>65,861</b>              | <b>687,697</b> |
| <b>Accumulated depreciation</b>         |                    |                                 |                                  |                            |                            |                |
| <b>Balance as at December 31, 2022</b>  | <b>52,472</b>      | <b>4,094</b>                    | <b>1,873</b>                     | <b>17,861</b>              | <b>2,481</b>               | <b>78,781</b>  |
| Depreciation for the year               | 54,655             | 7,391                           | 4,132                            | 101,054                    | 8,421                      | 175,653        |
| <b>Balance as at December 31, 2023</b>  | <b>107,127</b>     | <b>11,485</b>                   | <b>6,005</b>                     | <b>118,915</b>             | <b>10,902</b>              | <b>254,434</b> |
| Depreciation for the period             | 42,270             | 5,336                           | 3,957                            | 79,125                     | 14,040                     | 144,728        |
| <b>Balance as at September 30, 2024</b> | <b>149,397</b>     | <b>16,821</b>                   | <b>9,962</b>                     | <b>198,040</b>             | <b>24,942</b>              | <b>399,162</b> |
| <b>Carrying amounts</b>                 |                    |                                 |                                  |                            |                            |                |
| At December 31, 2023                    | 183,520            | 22,203                          | 36,916                           | 120,661                    | 32,361                     | 395,661        |
| <b>At September 30, 2024</b>            | <b>141,250</b>     | <b>16,867</b>                   | <b>47,963</b>                    | <b>41,536</b>              | <b>40,919</b>              | <b>288,535</b> |

Depreciation for the nine months ended September 30, 2024, amounting to \$123,158 (December 31, 2023: \$143,478) has been included in exploration and evaluation properties.

The change in estimate related to variable inputs in underlying lease contracts for office space and core sheds in Brazil.

## 7. Lease liabilities

Lease liabilities are related to the long-term lease contracts for office space and core sheds in Lavras do Sul, with terms of up to 5 years at an incremental borrowing rate of 10%.

|   | As at                 |                      |
|---|-----------------------|----------------------|
|   | September<br>30, 2024 | December<br>31, 2023 |
|   | \$                    | \$                   |
| Lease liabilities, beginning of the period/year | 203,813               | 310,657              |
| Change in estimate (Note 6)                     | –                     | (76,923)             |
| Foreign exchange adjustment                     | (16,538)              | –                    |
| Additions                                       | –                     | 17,754               |
| Repayments                                      | (53,276)              | (75,062)             |
| Interest portion                                | 17,178                | 27,387               |
| Lease liabilities, end of the period/year       | 151,177               | 203,813              |
| Less: current portion                           | 46,005                | 49,373               |
| Non-current portion                             | 105,172               | 154,440              |

The change in estimate related to variable inputs in underlying lease contracts.

As of September 30, 2024, remaining minimum payments are as follows:

|      | \$             |
|------|----------------|
| 2024 | 15,371         |
| 2025 | 63,396         |
| 2026 | 65,931         |
| 2027 | 29,482         |
| 2028 | 3,861          |
|      | <b>178,041</b> |

## 8. Capital stock

### A) AUTHORIZED

Unlimited number of common shares.

### B) ISSUED

|   | <i>Notes</i> | Shares<br>#       | Amount<br>\$      |
|---|--------------|-------------------|-------------------|
| <b>Balance, December 31, 2022</b>                 |              | <b>41,103,869</b> | <b>16,441,548</b> |
| Issued under private placement, net of issue cost | (i)          | 10,146,647        | 13,380,529        |
| Exercise of stock options                         | (ii)         | 102,500           | 59,818            |
| <b>Balance, December 31, 2023</b>                 |              | <b>51,353,016</b> | <b>29,881,895</b> |
| Exercise of stock options                         | (iii)        | 11,250            | 5,864             |
| <b>Balance, September 30, 2024</b>                |              | <b>51,364,266</b> | <b>29,887,759</b> |

- (i) On September 28, 2023, the Company closed a non-brokered private placement through the issuance of 10,146,647 common shares of the Company at a subscription price of \$1.35 per common share for aggregate gross proceeds to the Company of \$13,697,973. The cost of issue including finders', filing and legal fees amounted to \$317,444 resulting in net proceeds of \$13,380,529.
- (ii) In Q4 2023, 102,500 stock options were exercised at weighted average exercise price of \$0.33 for proceeds of \$34,075 and contributed surplus of \$25,743.
- (iii) In Q3 2024, 11,250 stock options were exercised at weighted average exercise price of \$0.30 for proceeds of \$3,338 and contributed surplus of \$2,526.

### C) SHARE-BASED PAYMENTS

The Company has a stock option plan, a restricted share unit plan (RSU) and a deferred share unit plan (DSU) to provide additional incentives to directors, senior officers, employees, consultants, and management.

Under the terms of the Company's stock option and RSU/DSU plans (the "Plans"), the Company is authorized to issue up to a maximum of 10% of the issued and outstanding common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options, RSUs and DSUs are fixed by the Board of Directors at the time of grant.

## Stock options

Stock option transactions and the number of stock options outstanding are as follows:

|                                    | Options<br>#     | Weighted<br>average<br>exercise<br>price<br>\$ |
|------------------------------------|------------------|--|
| <b>Balance, December 31, 2022</b>  | <b>2,407,500</b> | <b>0.44</b>                                    |
| Granted                            | 1,625,000        | 0.30   |
| Exercised                          | (102,500)        | (0.33)   |
| Expired                            | (277,500)        | (0.33)   |
| <b>Balance, December 31, 2023</b>  | <b>3,652,500</b> | <b>0.39</b>                                    |
| Granted                            | 1,454,000        | 1.70   |
| Exercised                          | (11,250)         | (0.30)   |
| <b>Balance, September 30, 2024</b> | <b>5,095,250</b> | <b>0.76</b>                                    |

Details of the stock options outstanding and exercisable are as follows:

| Number of options | Exercisable<br>at<br>September<br>30, 2024<br># | Exercise<br>price<br>\$ | Fair value<br>at date<br>of grant<br>\$ | Remaining<br>contractual<br>life<br>years |
|-------------------|---|-------------------------|---|---|
|                   | 1,500,000                                       | 1,275,000               | 0.50                                    | 499,500                                   |
| 586,250           | 431,875   | 0.35                    | 154,887                                 | 2.82                                      |
| 1,330,000         | 912,500   | 0.23                    | 232,750                                 | 3.79                                      |
| 100,000           | 100,000   | 0.22                    | 16,700                                  | 3.80                                      |
| 125,000           | 31,250  | 1.15                    | 109,500                                 | 4.12                                      |
| 1,454,000         | 678,500   | 1.70                    | 1,881,069                               | 4.66                                      |
| <b>5,095,250</b>  | <b>3,429,125</b>                                | <b>0.76</b>             | <b>2,894,406</b>                        | <b>3.57</b>                               |

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model using the following estimates:

|  | September 30,<br>2024 | December 31,<br>2023 |
|--|-----------------------|----------------------|
| Weighted average fair value per options (\$) | 1.29                  | 0.23                 |
| Weighted average risk-free interest rate (%) | 3.81                  | 3.73                 |
| Expected life (years)                        | 5.0                   | 5.0                  |
| Weighted average expected volatility (%)     | 100                   | 100                  |
| Expected rate of forfeiture                  | nil                   | nil                  |
| Expected dividend yield                      | nil                   | nil                  |

The fair value compensation and contributed surplus relating to stock options vested for the three months ended September 30, 2024, was \$183,180 (2023: \$187,706); of which \$158,332 (2023: \$161,876) was expensed and the remaining \$24,848 (2023: \$25,830) was capitalized to exploration and evaluation properties.

The fair value compensation and contributed surplus relating to stock options vested for the nine months ended September 30, 2024, was \$1,312,151 (2023: \$288,471); of which \$1,206,211 (2023: \$218,400) was expensed and the remaining \$105,940 (2023: \$70,071) was capitalized to exploration and evaluation properties.

## Restricted Share Units (“RSUs”)

On May 29, 2024, the Company adopted the Omnibus Long-Term Incentive Plan (LTIP) pursuant to which the Company may grant RSUs to its directors, officers, employees and consultants based on the Company’s share price at the date of grant. Unless otherwise stated, the RSUs vest equally (or graded) over a one-year to three-year period on the anniversary dates but in all cases shall end no later than December 31 of the calendar year which is three years after the calendar year in which the award is granted.

RSU transactions and the number of RSUs outstanding are as follows:

|                                    | RSUs<br>#     | Weighted<br>average<br>fair<br>value<br>\$ |
|------------------------------------|---------------|--|
| <b>Balance, December 31, 2023</b>  | -             | -  |
| Granted (i)                        | 97,242        | 1.70                                       |
| <b>Balance, September 30, 2024</b> | <b>97,242</b> | <b>1.70</b>                                |

(i) On May 29, 2024, the Company granted 97,242 RSUs to three officers of the Company. These RSUs vest in one year.

During the three- and nine-month periods ended September 30, 2024, the total share-based payments expense related to RSUs was \$41,668 and \$49,820, respectively (2023: \$nil).

## 9. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended September 30, 2024, was based on the loss attributable to common shareholders of \$721,158 (2023: \$576,378), divided by the weighted average number of common shares outstanding of 51,358,274 (2023: 41,441,396).

The calculation of basic and diluted loss per share for the nine months ended September 30, 2024, was based on the loss attributable to common shareholders of \$2,833,033 (2023: \$1,590,404), divided by the weighted average number of common shares outstanding of 51,354,782 (2023: 41,217,614).

## 10. Related party transactions

Lavras Gold incurred charges with directors, officers (Chief Executive Officer, Chief Financial Officer and V.P. Investor Relations who are the key management personnel), and a company with common directors as follows. These transactions were in the normal course of business and are measured at amounts representing normal commercial terms:

|                           | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
|---------------------------|------------------------------------|---------|-----------------------------------|---------|
|                           | 2024                               | 2023    | 2024                              | 2023    |
|                           | \$                                 | \$      | \$                                | \$      |
| Salaries paid to officers | 151,250                            | 85,000  | 408,333                           | 240,000 |
| Directors’ fees           | 18,000                             | 15,000  | 48,000                            | 40,000  |
| Share-based payments      | 120,444                            | 148,520 | 1,042,157                         | 198,470 |
| Consulting fees           | 5,000                              | -       | 17,000                            | 30,000  |
|                           | <b>294,694</b>                     | 248,520 | <b>1,515,490</b>                  | 508,470 |

## 11. General and administrative expenses

General and administrative expenses consist of the following:

|                                  | Three months ended |         | Nine months ended |           |
|----------------------------------|--------------------|---------|-------------------|-----------|
|                                  | September 30       |         | September 30      |           |
|                                  | 2024               | 2023    | 2024              | 2023      |
|                                  | \$                 | \$      | \$                | \$        |
| Consulting fees                  | 52,113             | 44,624  | 189,604           | 241,484   |
| Professional fees                | 106,617            | 85,869  | 312,187           | 212,298   |
| Salaries and benefits            | 180,266            | 117,081 | 666,002           | 354,857   |
| Directors' fees                  | 18,000             | 15,000  | 48,000            | 40,000    |
| Marketing and promotion          | 94,625             | 85,413  | 234,357           | 269,969   |
| Filing and transfer agent fees   | 14,752             | 23,257  | 75,747            | 76,011    |
| Travel                           | 5,567              | 3,613   | 13,218            | 12,242    |
| Information technology support   | 45,508             | 16,019  | 180,801           | 67,707    |
| Other general and administrative | 38,576             | 18,146  | 128,431           | 60,870    |
|                                  | 556,024            | 409,022 | 1,848,347         | 1,335,438 |

## 12. Segmented information

The Company operates in one reportable operating segment – mineral exploration. The Company's resource properties are in Brazil and its corporate assets are in Canada. Lavras Gold is in the exploration stage and, accordingly, has no reportable segment revenues.

Total assets by geographic region are as follows:

|                                       | Canada     | Brazil     | Total      |
|---------------------------------------|------------|------------|------------|
|                                       | \$         | \$         | \$         |
| <b>September 30, 2024</b>             |            |            |            |
| Current assets                        | 3,555,682  | 723,609    | 4,279,291  |
| Exploration and evaluation properties | –          | 21,862,673 | 21,862,673 |
| Property and equipment                | 57,774     | 230,761    | 288,535    |
|                                       | 3,613,456  | 22,817,043 | 26,430,499 |
| <b>December 31, 2023</b>              |            |            |            |
| Current assets                        | 11,088,460 | 64,303     | 11,152,763 |
| Exploration and evaluation properties | –          | 15,977,767 | 15,977,767 |
| Property and equipment                | –          | 395,661    | 395,661    |
|                                       | 11,088,460 | 16,437,731 | 27,526,191 |

## 13. Contingencies

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for these items when a liability is both probable and the amount can be reasonably estimated.

## 14. Subsequent event

On November 27, 2024, the Company filed a final base shelf prospectus with securities regulatory authorities in all provinces of Canada, other than Quebec. The prospectus was filed to provide the Company with greater financial flexibility going forward.