

**Form 51-102F4  
Business Acquisition Report**

**ITEM 1 – IDENTITY OF COMPANY**

**1.1 Name and Address of Company**

Halcones Precious Metals Corp.  
36 Lombard Street  
Floor 4  
Toronto, Ontario  
M5C 2X3

**1.2 Executive Officer**

The following executive officer of the Company is knowledgeable about the significant acquisition and this report:

Ian Parkinson  
Chief Executive Officer  
Phone: +1 416-358-7501

**ITEM 2 – DETAILS OF ACQUISITION**

**2.1 Nature of Business Acquired**

On January 30, 2025, Halcones Precious Metals Corp. (the “**Company**”) acquired an option (the “**Option**”) to acquire a 100% interest in the Polaris project in Atofagasta region, Chile (the “**Polaris Project**”), from Austral Exploraciones SpA (“**Austral**”).

The Polaris Project is a highly prospective gold project. The Polaris Project is located in a well-developed mining district between Antofagasta and Taltal, with road access and moderate elevation making the Polaris Project advanceable year-round. Initial exploration targets are at or near surface.

There are 17 former artisanal, high-grade operations that have been identified on the Polaris Project or in the immediate vicinity. Artisanal small scale mining activity can be traced back over approximately the last 100 years at the Polaris Project.

The Company’s current work at the Polaris Project has primarily focused on detailed structural and alteration mapping and fine tuning the geologic understanding of mineralization controls. This improved geological interpretation will guide the forthcoming drill program, which will be the first drilling by the Company at the Polaris Project.

**2.2 Acquisition Date**

The Company acquired the Option on January 30, 2025.

**2.3 Consideration**

As partial consideration for the Option, the Company paid Austral US\$100,000 in cash (satisfied with cash on hand) and issued 15,000,000 common shares in the capital of the Company to Austral on closing of the acquisition.

In addition to the consideration paid at closing, to acquire a 100% interest in the Polaris Project, the Company must also provide Austral with the following consideration:

- US\$100,000 on October 23, 2025;
- US\$150,000 on October 23, 2026;
- US\$250,000 on October 23, 2027;
- US\$2,000,000 on October 23, 2028;
- 20,000,000 shares in the capital of the Company upon the 8-month anniversary of the closing of the acquisition;
- 15,000,000 shares in the capital of the Company upon the 12-month anniversary of the closing of the acquisition;
- 15,000,000 shares in the capital of the Company upon the Company publicly filing a NI 43-101 compliant technical report with a mineral resource estimate of greater than 2 million ounces of gold (at a minimum of 1g/t of heap leachable material at a 0.25 g/t minimum cut-off grade);
- 15,000,000 shares in the capital of the Company upon the Company publicly filing a NI 43-101 compliant economic study;
- 15,000,000 shares in the capital of the Company upon the Company publicly filing a NI 43-101 compliant feasibility study; and
- a 2% net smelter royalty over the Polaris Project.

The Company also agreed to complete a minimum of 2,000 meters of drilling on the Polaris Project within 12 months of obtaining the permits and approvals to do so.

## **2.4 Effect on Financial Position**

Upon completion of the acquisition, the Polaris Project became the Company's sole material property. To satisfy its remaining option payments and fund exploration and development activities at the Polaris Project, the Company may require additional capital. Historically, the Company has relied upon equity financing to satisfy its capital requirements and anticipates continuing to depend upon equity capital to finance its capital requirements.

In April 2025, the Company completed a brokered private placement to fund initial exploration drilling, surface sampling, mapping, and geophysical work at the Polaris Project. The Company issued 31,152,200 units at a price of \$0.07 per unit for gross proceeds of \$2,180,654.

Subsequently, the Company completed a non-brokered private placement, issuing 10,204,153 units at a price of \$0.07 per unit for gross proceeds of \$714,290.71. The proceeds are being used to advance ongoing exploration activities at Polaris.

Other than as described above, the Company has no current plans or proposals for material changes to its business that would significantly affect its operations or financial position. The acquisition of the Option aligns with the Company's strategy of exploring and developing mineral properties, with a primary focus on Chile.

## **2.5 Prior Valuations**

To the best knowledge of the Company, there have not been any valuation opinions obtained within the last twelve months by Austral or the Company required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company in connection with the acquisition of the Option.

## **2.6 Parties to acquisition**

The acquisition was not a transaction with an “informed person”, “associate” or “affiliate”.

## **2.7 Date of Report**

August 21, 2025.

### **ITEM 3 – FINANCIAL STATEMENTS AND OTHER INFORMATION**

Pursuant to Part 8 of NI 51-102, the Carve Out Financial Statements for the Polaris Project for the years ended December 31, 2024, and 2023, together with the notes thereto and the auditor’s report thereon are included in this Business Acquisition Report and are attached hereto as Schedule “A”.

#### **Cautionary Note Regarding Forward-Looking Statements**

This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, without limitation, the anticipated drill program, planned surface mapping and sampling at the Polaris Project, the Company’s ability to obtain an improved geological interpretation of the Polaris Project, the necessity for additional capital and the Company’s future plans. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company, as the case may be, to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; risks associated with operation in foreign jurisdictions; ability to successfully integrate the purchased properties; foreign operations risks; and other risks inherent in the mining industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable law.

**SCHEDULE "A"**

*[See attached]*

# **Polaris Property**

Carve-Out Financial Statements

For the Years ended December 31, 2023 and 2024

(Expressed in Canadian Dollars)

## **Independent Auditor's Report**

To the Directors of Halcones Precious Metals Corp.

### **Opinion**

We have audited the carve-out financial statements of the Polaris Property ("the Property"), which comprise the carve-out statements of financial position as at December 31, 2024 and 2023, and the carve-out statements of loss and comprehensive loss, carve-out statements of changes in equity and statements of cash flows for the years then ended, and notes to the carve-out financial statements, including material accounting policy information.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Property as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit 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 carve-out financial statements section of our report. We are independent of the Property in accordance with the ethical requirements that are relevant to our audit of the carve-out financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the carve-out financial statements, which indicates that the Property incurred a net loss during the years ended December 31, 2024 and 2023, and that the Property's continuing operations are dependent on its ability to raise adequate financing and commence profitable operations in the future. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Property's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Basis of preparation**

Without modifying our opinion, we draw attention to the fact that, as described in Note 2 in the carve-out financial statements, the Property did not operate as a separate entity. The carve-out financial statements as at and for the years ended December 31, 2024 and 2023 are therefore not necessarily indicative of results that would have occurred if the Property had been a separate

stand-alone entity during the years presented or of future results of the Property. Our opinion is not modified in respect of this matter.

## **Responsibilities of management and those charged with governance for the carve-out financial statements**

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

In preparing the carve-out financial statements, management is responsible for assessing the Property'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 Property or cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the carve-out financial statements**

Our objectives are to obtain reasonable assurance about whether the carve-out 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

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

- Identify and assess the risks of material misstatement of the carve-out 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 risks 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 Property'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 Property'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 carve-out 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 Property to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
August 21, 2025

**Polaris Property**  
Carve-Out Statements of Financial Position  
(Expressed in Canadian Dollars)

	<b>As at December 31, 2024</b>	As at December 31, 2023
<b>TOTAL ASSETS</b>	\$ -	\$ -
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>		
Contributions from Austral Exploraciones SpA (Note 2)	78,265	24,297
Deficit	(78,265)	(24,297)
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ -	\$ -

Nature and Continuance of Operations (Note 1)  
Commitments (Note 8)

Approved on behalf of the Board of Directors:

Signed: Lawrence Guy, Director

Signed: Ian Parkinson, Director

*The accompanying notes are an integral part of these carve-out financial statements.*

**Polaris Property**  
Carve-Out Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	<b>Year ended December 31, 2024</b>	Year ended December 31, 2023
<hr/>		
<b>Expense</b>		
Exploration and evaluation expenses (Note 5)	\$ 53,968	\$ 24,297
<b>Total expenses</b>	<b>53,968</b>	<b>24,297</b>
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 53,968</b>	<b>\$ 24,297</b>

*The accompanying notes are an integral part of these carve-out financial statements.*

## **Polaris Property**

Carve-Out Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	Contributions by Austral Exploraciones SpA	Deficit	Total Equity
<b>Balance, January 1, 2023</b>	\$ -	\$ -	\$ -
Contributions from Austral Exploraciones SpA	24,297	-	24,297
Net and comprehensive loss for the year	-	(24,297)	(24,297)
<b>Balance, December 31, 2023</b>	24,997	(24,997)	-
Contributions from Austral Exploraciones SpA	53,968	-	53,968
Net and comprehensive loss for the year	-	(53,968)	(53,968)
<b>Balance December 31, 2024</b>	\$ 78,265	\$ (78,265)	\$ -

*The accompanying notes are an integral part of these carve-out financial statements.*

## **Polaris Property**

Carve-Out Statements of Cash Flows  
(Expressed in Canadian Dollars)

	<b>Year ended December 31, 2024</b>	Year ended December 31, 2023
Net and comprehensive loss for the year	\$ (53,968)	\$ (24,297)
<b>Net cash used in operating activities</b>	<b>(53,968)</b>	<b>(24,297)</b>
<b>Financing activities:</b>		
Contributions from Austral Exploraciones SpA	53,968	24,297
<b>Net cash provided by financing activities</b>	<b>53,968</b>	<b>24,297</b>
<b>Change in cash</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying notes are an integral part of these carve-out financial statements*

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

The Polaris Property (the “Property”) is in Chile and at December 31, 2024, is owned by Austral Exploraciones SpA (“Austral”). Halcones Precious Metals Corp. (the “Company”) has entered into a property option agreement with Austral whereby the Company has an option to acquire a 100% interest in the Property from Austral.

These carve-out financial statements have been prepared on a going concern basis which assumes that the Property will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Property has incurred a net loss for the year ended December 31, 2024 of \$53,968 (year ended December 31, 2023 - \$24,297), and had a deficit of \$78,265 as at December 31, 2024. The continuing operations of the Property are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. These material uncertainties cast significant doubt upon the Property’s ability to continue as a going concern. If the Property is unable to secure additional financing, repay liabilities as they come due, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the carve-out statement of financial position classifications used. These carve-out financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Property be unable to continue as a going concern.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION**

#### *(a) Statement of Compliance to International Financial Reporting Standards*

These carve-out financial statements of the Property have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

#### *(b) Basis of Preparation*

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Property undertaken by Austral (the previous owner of the Property) for the years ended December 31, 2024 and December 31, 2023.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Property in connection with the acquisition of the option for the Company to purchase the Property. These carve-out financial statements reflect the Property expenditures as if the Property had been operating separately. Therefore, these carve-out financial statements present the historical operational information of Austral related to the Property.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

The carve-out financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The carve-out financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted. The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Property is described below. The carve-out financial statements have been extracted and carved out from the historical accounting records of Austral, with estimates used, where necessary, for certain allocations of expenses.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Austral, on the basis that they are specifically identifiable and attributable to the Property;
- The carve-out statement of loss and comprehensive loss includes expenses of Austral, on the basis that they are specifically identifiable and attributable to the Property. Management concluded that other expenses incurred by Austral are not reasonable to allocate to the Property as they relate to other activities of the entity;
- Income taxes have been calculated as if the Property had been a separate legal entity and had filed separate tax returns for the years presented.

Management cautions readers of these carve-out financial statements, that the Property's results do not necessarily reflect what the financial position, loss and comprehensive loss or cash flows would have been had the Property been a separate entity. Further, the allocation of income and expenses in these carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Property's future income and operating expenses.

Expenses that have been allocated to the Property for the purposes of these carve-out financial statements have been recorded as contributions from Austral within equity. Total equity represents the cumulative owner's investment in the Property through the dates presented and includes cumulative operating results.

The Company's Board of Directors authorized the issuance of the carve-out financial statements on August 20, 2025.

#### ***Functional and presentation currency***

The functional currency of the Property is determined using the currency of the primary economic environment in which that entity operates. The carve-out financial statements are presented in Canadian dollars. The Property's functional currency is Chilean pesos. The Property's expenditures are primarily incurred in Chilean pesos.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange differences are recognized in operations in the period in which they arise.

Assets and liabilities of the Property are translated into the presentation currency at the period end rates of exchange, and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income as cumulative translation adjustments.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

#### ***Significant accounting judgements, estimates and assumptions***

See basis of preparation note for additional discussion of the judgements, estimates and assumptions inherent in preparing carve-out financial statements.

The preparation of these carve-out financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the carve-out financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These carve-out financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The Property regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

#### ***(a) Estimation of decommissioning and restoration costs and timing of expenditure***

Decommissioning, restoration and similar liabilities are estimated based on the Property's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

#### ***(b) Income, value added, withholding and other taxes***

The Property is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Property's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Property recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Property's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Property's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

#### ***(c) Contingencies***

The Property's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Property has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

#### ***Exploration and evaluation expenditures***

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

#### ***Income tax***

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### ***Asset retirement obligations (“ARO”)***

The Property records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Property does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2024 and December 31, 2023.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **3. FUTURE ACCOUNTING PRONOUNCEMENTS**

Certain pronouncements were issued by IASB or IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Property and have been excluded:

IFRS 9 and IFRS 7 - In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments – Disclosures*. 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 non-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. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required, and early adoption is permitted.

IFRS 18 – In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. 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. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required, and early adoption is permitted.

### **4. CAPITAL MANAGEMENT**

The Property's objectives when managing capital are to safeguard the Property's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Property considers the items included in equity as capital. The Property manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There can be no assurance that the Property will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Property.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Property, is reasonable. There were no changes in the Property's approach to capital management during the years ended December 31, 2024 and December 31, 2023. The Property is not subject to externally imposed capital restrictions.

## **Polaris Property**

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### **5. FINANCIAL RISK MANAGEMENT**

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

#### Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. The Property had no financial instruments to classify in the fair value hierarchy at December 31, 2023 and December 31, 2024.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Property is currently not exposed to credit risk.

#### Liquidity Risk

Liquidity risk is the risk that the Property will not be able to meet its financial obligations as they fall due. The Property's liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Property has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. There is no assurance that the Property will be able to raise equity financing. The Property assesses liquidity risk as high.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Property is not exposed to interest rate risk.

### **6. EXPLORATION AND EVALUATION EXPENSES**

	<b>Year ended December 31, 2024</b>	<b>Year ended December 31, 2023</b>
Concession fees	42,509	13,787
Professional fees	11,459	5,197
Asaay costs	-	5,313
<b>Total</b>	<b>53,968</b>	<b>24,297</b>

## Polaris Property

Notes to the Carve-Out Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2024 and 2023

### 7. INCOME TAXES

A reconciliation of income tax expense (recovery) at statutory rates with the reported income taxes (recovered) is as follows:

	December 31, 2024	December 31, 2023
Loss before income taxes	\$ 53,968	\$ 24,297
Combined statutory tax rate	26.5%	26.5%
Expected tax/(recovery) at statutory rate	14,301	6,438
Change in unrecognized deferred tax asset	(14,301)	(6,438)
	\$ -	\$ -

At December 31, 2024 and December 31, 2023, the Property's unrecognized deductible temporary differences are as follows:

	December 31, 2024	December 31, 2023
Non-capital loss carry-forwards	\$ -	\$ -
Mineral property costs	78,265	24,297
Total	\$ 78,265	\$ 24,297

The potential future benefit of these losses has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Property can use the benefits.

### 8. COMMITMENTS

The Property's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Property believes its operations are materially in compliance with all applicable laws and regulations. The Property expects to make expenditures to comply with such laws and regulations.

# McGovern Hurley

*Audit. Tax. Advisory.*

August 21, 2025

Halcones Precious Metals Corp.  
36 Lombard Street  
Toronto, ON  
M5C 2X3

We refer to the business acquisition report of Halcones Precious Metals Corp. dated August 21, 2025.

We consent to the use in the above-mentioned business acquisition report, of our report dated August 21, 2025 to the directors of Halcones Precious Metals Corp. on the carve-out financial statements of the Polaris Property, which comprise the carve-out statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, to be filed with securities regulatory authorities on SEDAR.

Yours very truly,

McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants