



**MERIDIAN MINING UK SOCIETAS
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)**

FOR THE YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Meridian Mining UK Societas

Opinion

We have audited the consolidated financial statements of Meridian Mining UK Societas (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of loss and other comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

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

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 Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that going concern is dependent on the Entity's ability to obtain adequate equity or debt financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of indicators of impairment for exploration and evaluation assets

Description of the matter

We draw attention to Notes 2, 3 and 5 to the financial statements. The Entity has exploration and evaluation assets of \$2,447,566. The Entity assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment for exploration and evaluation assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of exploration and evaluation assets. This matter was of most significance due to the difficulties in evaluating the results of our audit procedures to assess the Entity's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.



How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed the Entity's evaluation of potential indicators of impairment by considering whether quantitative and qualitative information in the analysis was consistent with:

- Information included in the Entity's press releases and management's discussion and analysis;
- Evidence obtained in other areas of the audit, including the results of exploration activities and any updates to estimates of mineral resources;
- Internal communications between management and the Board of Directors; and
- Inspecting publicly available information.

We assessed the status of the Entity's rights to explore by discussing with management if any rights were not expected to be renewed and inspecting government registries.

We considered the activities to date in each area to which the Entity has a right to explore by comparing the actual expenditures to historical expenditures.

We compared the prior year budgeted expenditures to the actual expenditures incurred to assess the Entity's ability to accurately budget.

We assessed if substantive expenditures on future exploration and evaluation of mineral resources in each area of interest to which the Entity has a right to explore are planned or discontinued by inspecting budgeted expenditures and available cash flows.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licenced Public Accountants

The engagement partner on the audit resulting in this auditor's report is Sukhpreet Grewal.

Toronto, Canada

March 31, 2025

MERIDIAN MINING UK SOCIETAS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Current assets		
Cash (Note 17)	\$ 7,710,874	\$ 7,095,927
Prepaid expenses and other assets	382,628	385,818
	<u>8,093,502</u>	<u>7,481,745</u>
Non-current assets		
Property, plant and equipment (Note 4)	653,781	914,547
Intangible assets	37,167	35,415
Exploration and evaluation assets (Note 5)	2,447,566	9,019,501
	<u>2,447,566</u>	<u>9,019,501</u>
Total assets	<u>\$ 11,232,016</u>	<u>\$ 17,451,208</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 1,630,681	\$ 1,854,349
Taxes and fees payable (Note 7)	129,127	184,647
Provisions (Note 8)	282,665	363,330
	<u>2,042,473</u>	<u>2,402,326</u>
Non-current liabilities		
Provisions (Note 8)	-	20,146
Taxes and fees payable (Note 7)	-	9,735
	<u>-</u>	<u>9,735</u>
	<u>2,042,473</u>	<u>2,432,207</u>
Equity		
Share capital (Note 9)	3,413,029	2,736,732
Share premium (Note 9)	79,631,529	66,366,978
Reserves (Note 9)	69,557,864	71,093,265
Deficit	(143,412,879)	(125,177,974)
	<u>(143,412,879)</u>	<u>(125,177,974)</u>
Total equity	<u>9,189,543</u>	<u>15,019,001</u>
Total liabilities and equity	<u>\$ 11,232,016</u>	<u>\$ 17,451,208</u>

Nature of business and going concern (Note 1)

Subsequent events (Note 17)

On behalf of the Board on March 31, 2025:

"Gilbert Clark"

Director

"Douglas Ford"

Director

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

MERIDIAN MINING UK SOCIETAS
CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
(Expressed in United States dollars, except share and per share amounts)

	December 31, 2024	December 31, 2023
Operating expenses		
Exploration and evaluation expenses (Note 11)	\$ 8,722,577	\$ 6,626,328
General and administration expenses (Note 12)	2,977,345	2,717,988
Professional fees	724,759	925,280
Care and maintenance expenses	73,920	62,450
Gain on sale of property, plant and equipment	-	(23,939)
Share-based payments (Note 9)	118,834	1,886,207
Depreciation and amortization expenses	194,587	175,216
Impairment reversal on property, plant and equipment	-	(16,120)
Impairment of exploration and evaluation assets (Note 5)	4,976,904	-
Total operating expenses	(17,788,926)	(12,353,410)
Loss from operations	(17,788,926)	(12,353,410)
Finance items		
Finance income	388,384	194,817
Finance expense	(38,607)	(58,431)
Foreign exchange (loss) gain	(795,756)	231,166
Total finance (expenses) income	(445,979)	367,552
Loss for the year before tax	(18,234,905)	(11,985,858)
Income tax expense (Note 13)	-	-
Loss for the year	(18,234,905)	(11,985,858)
Other comprehensive (loss) income		
Items that have been or may be reclassified to (loss) income in subsequent periods		
Foreign currency translation	(1,778,186)	470,841
Total other comprehensive (loss) income	(1,778,186)	470,841
Total comprehensive loss	\$ (20,013,091)	\$ (11,515,017)
Loss per share ("EPS") (Note 9)		
Basic	\$ (0.06)	\$ (0.05)
Diluted	\$ (0.06)	\$ (0.05)
Weighted Average Number of Shares Outstanding (000s)		
Basic	285,681	228,903
Diluted	285,681	228,903

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

MERIDIAN MINING UK SOCIETAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)

	December 31, 2024	December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (18,234,905)	\$ (11,985,858)
Items not affecting cash:		
Finance expense	38,607	58,431
Depreciation and amortization expenses	194,587	175,216
Gain on sale of property, plant and equipment	-	(23,939)
Share-based payments	118,834	1,886,207
Foreign exchange loss (gain)	795,756	(231,166)
Impairment of exploration and evaluation assets (Note 5)	4,976,904	-
Change in estimate of provisions	13,589	82,690
Impairment reversal on property, plant and equipment	-	(16,120)
Items affecting cash:		
Interest paid	(31,011)	(24,399)
Disbursements related to provisions (Note 8)	(29,475)	(130,054)
Changes in non-cash working capital items:		
Prepaid expenses and other assets	(12,082)	(165,018)
Accounts payable and accrued liabilities	94,774	(58,980)
Taxes and fees payable (Note 7 and 9)	(47,109)	(166,186)
Net cash used in operating activities	<u>(12,121,531)</u>	<u>(10,599,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets (Note 5)	(578,811)	(1,073,535)
Additions to property, plant and equipment and intangible	(125,495)	(200,474)
Proceeds from sale of property, plant and equipment	-	10,301
Net cash used in investing activities	<u>(704,306)</u>	<u>(1,263,708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering financing (Note 9)	14,826,174	13,520,717
Share issuance costs related to the public offering financing (Note 9)	(1,091,174)	(915,873)
Proceeds from the exercise of stock options	201,985	102,589
Proceeds from the exercise of agent's compensation options	127,814	-
Net cash provided by financing activities	<u>14,064,799</u>	<u>12,707,433</u>
Effect of foreign exchange on cash	<u>(624,015)</u>	<u>76,487</u>
Net change in cash	<u>614,947</u>	<u>921,036</u>
Cash, beginning of the year	<u>7,095,927</u>	<u>6,174,891</u>
Cash, end of the year	<u>\$ 7,710,874</u>	<u>\$ 7,095,927</u>

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

MERIDIAN MINING UK SOCIETAS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in United States dollars, except share amounts)

	Share Capital			Reserves					Total Equity	
	Shares	Share Capital	Share Premium	Reserves	Share based payments	Warrant reserve	Other reserves	Accumulated other comprehensive income (loss)		Deficit
Balance, January 1, 2023	202,833,761	\$ 2,300,486	\$ 53,985,844	\$462,185	\$ 5,303,215	\$ 66,223	\$ 76,501,322	\$ (13,803,747)	\$ (113,192,116)	\$ 11,623,412
Shares issued on public offering financing (Note 9)	36,800,000	404,236	13,116,481	-	-	-	-	-	-	13,520,717
Share issuance costs (Note 9)	-	-	(1,180,026)	-	-	264,153	-	-	-	(915,873)
Shares issued regarding Cabaçal agreement payment (Note 9)	1,000,000	10,883	306,083	-	-	-	-	-	-	316,966
Issuance of stock options	-	-	-	-	1,886,207	-	-	-	-	1,886,207
Exercise of stock options	1,938,947	21,127	138,596	-	(57,134)	-	-	-	-	102,589
Comprehensive income for the year	-	-	-	-	-	-	-	470,841	(11,985,858)	(11,515,017)
Balance, December 31, 2023	242,572,708	\$ 2,736,732	\$ 66,366,978	\$462,185	\$ 7,132,288	\$ 330,376	\$ 76,501,322	\$ (13,332,906)	\$ (125,177,974)	\$ 15,019,001
Balance, January 1, 2024	242,572,708	\$ 2,736,732	\$ 66,366,978	\$462,185	\$ 7,132,288	\$ 330,376	\$ 76,501,322	\$ (13,332,906)	\$ (125,177,974)	\$ 15,019,001
Shares issued on public offering financing (Note 9)	57,500,000	624,404	14,201,770	-	-	-	-	-	-	14,826,174
Share issuance costs (Note 9)	-	-	(1,393,580)	-	-	302,406	-	-	-	(1,091,174)
Issuance of stock options	-	-	-	-	118,834	-	-	-	-	118,834
Stock options exercises	4,267,926	46,473	281,273	-	(125,761)	-	-	-	-	201,985
Compensation options exercises	500,253	5,420	175,088	-	-	(52,694)	-	-	-	127,814
Comprehensive loss for the year	-	-	-	-	-	-	-	(1,778,186)	(18,234,905)	(20,013,091)
Balance, December 31, 2024	304,840,887	\$ 3,413,029	\$ 79,631,529	\$462,185	\$ 7,125,361	\$ 580,088	\$ 76,501,322	\$ (15,111,092)	\$ (143,412,879)	\$ 9,189,543

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

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Meridian Mining UK Societas (the “Company” or “Meridian”) was formed in Amsterdam, Netherlands on December 16, 2013. Effective August 15, 2017, the Company transferred its official seat from the Netherlands to London, United Kingdom. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol MNO. The Company is currently engaged in the exploration and development of mineral deposits in Brazil, through its subsidiaries, Rio Cabaçal Mineração Ltda (“Rio Cabaçal”) and Meridian Mineração Jaburi S.A. (“Jaburi”). The Company’s head office is located at 8th Floor, 4 More London Riverside, London, SE1 2AU, United Kingdom.

Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company incurred a loss of \$18,234,905 during the year ended December 31, 2024 (December 31, 2023 – loss of \$11,985,858). The Company has a working capital of \$6,051,029 as at December 31, 2024 (December 31, 2023 - \$5,079,419). During the year ended December 31, 2024, the Company incurred negative cash flows from operating activities of \$12,121,531 (December 31, 2023 - \$10,599,176), and positive cash flow from financing activities of \$14,064,799 (December 31, 2023 - \$12,707,433). See Note 17.

To continue as a going concern, the Company will need to secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing will be available. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include adjustments to the recoverability and classifications of recorded assets and classification of liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements and accompanying notes were authorized for issue by the Company’s Board of Directors on March 31, 2025.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. The financial statements of the Company are presented in United States (“US”) dollars. References to “\$”, “US\$”, or “dollars” are to US dollars, references to “C\$” are to Canadian dollars, references to “R\$” are to Brazilian Reals, and references to “€” are to Euro.

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities and expenses of the Company’s subsidiaries. Subsidiaries are all entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits, and losses, including unrealized gains and losses have been eliminated on consolidation.

During the year ended December 31, 2024, the Company incorporated a new entity, Rio Cabaçal Participações S.A. (“RCP”). The Company has 49% of the voting rights and 100% rights to its variable returns. The legal ownership of Rio Cabaçal Mineração Ltda (“RCM”) was transferred to RCP. Although the Company has 49% of the voting rights in RCP, the Company determined that it has the full beneficial interest over the entity as the Company has the rights of variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Therefore the Company has consolidated 100% of RCP.

These consolidated financial statements include the following entities as December 31, 2024:

Name of subsidiary:	Jurisdiction of Incorporation	Interest ⁽¹⁾	Functional Currency
Meridian Mineração Jaburi S.A.	Brazil	100%	R\$
Cancana Resources Corp (“Cancana”)	Canada	100%	C\$
Rio Cabaçal Internacional Ltda	Brazil	100%	R\$
Rio Cabaçal Participações S.A.	Brazil	49%	R\$
Rio Cabaçal Mineração Ltda	Brazil	49%	R\$

⁽¹⁾ Percentage related to the voting shares.

Acquisitions of subsidiaries under common control before and after the transaction are recorded at historical carrying value. Subsidiaries under common control are consolidated from the date of acquisition by the ultimate controlling entity.

Summary of material accounting policies

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The presentation currency of these consolidated financial statements is the United States dollar, which is also the functional currency of the Company.

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates.

The results and financial position of entities in the group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, for each Statement of Financial Position presented are translated at the closing rate of the period reported;
- Income and expenses for each consolidated Statement of Loss and Other Comprehensive Loss (“Statements of Loss”) presented are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in accumulated other comprehensive loss which is included in the reserves on the consolidated Statement of Financial Position.

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

Financial instruments

Financial assets

The Company's accounting policy for each of the categories is as follows:

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

The following table shows the classification of the Company's financial assets:

Financial asset	Classification
Cash	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statements of Loss.

Amortized cost - This category includes accounts payable and accrued liabilities all of which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss or other comprehensive income are recognized in the Statements of Loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company's financial liabilities:

Financial liability	Classification
Accounts payable and accrued liabilities	Amortized cost

Loss Per Share ("EPS")

Basic EPS is calculated using the weighted average number of shares outstanding during the year.

Diluted EPS is calculated using the treasury stock method for determining the dilutive effect of outstanding financial instruments issued under the Company's various stock-based compensation plans and outstanding warrants. Under this method, the conversion of dilutive financial instruments and related issue of shares is assumed at the beginning of the period (or at the time of award, if later). The proceeds from the conversion or exercise of dilutive financial instruments plus future period compensation expenses are assumed to be used to purchase common shares at the average market price during the period, and the incremental number of shares (the difference between the number of shares assumed issued and assumed purchased) is included in the denominator of the diluted EPS computation.

Cash

Cash includes cash that is readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition of exploration and evaluation assets are capitalized provided that the legal rights to explore the mineral properties are acquired or obtained. Exploration and evaluation expenditures are subsequently expensed as incurred. When the technical feasibility and commercial viability of a mineral resource have been demonstrated and a development decision by the Board has been made, the capitalized costs of the related property are transferred to mining development costs and any subsequent expenditures are capitalized as mine development costs.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The Company assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount.

The estimated recoverable amount is the greater of fair value less costs of disposal (“FVLCD”), and value in use (“VIU”). If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Property, plant and equipment is depreciated on a straight-line basis.

Vehicles	5 years
Machinery and Equipment	10 years
Office furniture, communication and computer equipment	10 years
Buildings	10 years

Depreciation commences when the asset is available for its intended use. The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amounts.

Impairment and reversal of non-financial assets

The carrying value of the Company's exploration and evaluation expenditures is assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Company deciding not to continue exploring or incur substantial additional expenditures on the project; or it is determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment is considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other group of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to comprehensive loss within the consolidated statements of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statements of Loss.

Provisions

General

Provisions for legal claims and constructive obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance expense.

Environmental provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. An environmental provision is recognized in the period when a legal or constructive obligation originates. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability where the impact of discounting is material. Where appropriate, the provision is accreted over time to its expected future settlement value.

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Environmental provisions are reviewed at every reporting period. The liability is adjusted for changes in estimates in costs and timing of work to be performed. Changes in the discount rate and inflation rates are recognized each reporting period, with the changes recognized as additions to or reductions from the liability and a corresponding addition to or reduction from profit and loss where the changes relate to closed mine sites. Changes in estimates of environmental provisions also include changes due to movement in the exchange rates. Any reduction to the asset may not exceed the carrying value of that asset.

Share-based payments

The Company grants stock options to directors, officers, employees and non-employees. Share-based compensation costs are measured based on the grant date fair value of the equity-settled instruments and recognized upon grant date over the related service period in the consolidated Statements of Loss and credited share-based payment reserve within shareholders' equity.

The grant date fair value is based on the underlying market price of the common shares of the Company taking into account the terms and conditions upon which those equity-settled instruments were granted. The fair value of equity-settled instruments granted is estimated using the Black-Scholes model or other appropriate method and assumptions at grant date. Equity-settled awards are not re-measured subsequent to the initial grant date.

Determination of the grant date fair value requires management estimation of the volatility required to determine the weighted average expected life. Share option expense incorporates an expected forfeiture rate which is estimated based on historical forfeiture rates and expectations of future forfeiture rates. The Company makes adjustments if the actual forfeiture rate differs from the expected rate.

The weighted average grant date fair value is the basis for which share-based compensation is recognized in the Statements of Loss.

When the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

Recent accounting pronouncements adopted

On January 1, 2024, the Company adopted amendments to IFRS 16 “Leases” (“IFRS 16”) which add subsequent measurement requirements for sale and leaseback transactions, particularly those with variable lease payments. The amendments require the seller-lessee to subsequently measure lease liabilities in a way such that it does not recognize any gain or loss relating to the right of use it retains. The amendments did not have an impact on the Company’s financial statements on the date of adoption.

On January 1, 2024, the Company adopted amendments to IAS 7 “Statement of Cash Flows” (“IAS 7”) requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”) requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms. The amendments did not have an impact on the Company’s financial statements on the date of adoption.

Recent accounting pronouncements issued not yet effective

On August 15, 2023, the IASB issued amendments to IAS 21 “The Effects of Changes in Foreign Exchange” (“IAS 21”) to specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not exchangeable. The amendments specify that a currency is exchangeable when it can be exchanged through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and the specified purpose. For non-exchangeable currencies, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions. The amendments are effective on January 1, 2025 and are not expected to have an impact on the Company’s financial statements.

On April 9, 2024, the IASB issued IFRS 18 “Presentation and Disclosure in the Financial Statements” (“IFRS 18”) replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 “Earnings per Share” were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7). The key changes included clarification on the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to financial liabilities settled through electronic payment system, including an option to utilize an accounting policy for early derecognition. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”) linked features and other similar contingent features. The IASB also added disclosure requirements to provide additional transparency regarding equity investments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the impact of the standard on its financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates and judgments, such as those related to the evaluation of indicators of impairment for exploration and evaluation assets, deferred tax assets and liabilities, and disclosure of contingencies depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these consolidated financial statements.

Provisions and recognition of a liability for loss contingencies

Judgements

Judgments are required to determine if a present obligation exists at the end of the reporting period by considering all available evidence. The most significant provisions that require judgment to determine if a present obligation exists are contingent losses related to claims and asset retirement obligation. This includes an assessment of how to account for obligations based on the most recent closure plans and environmental regulations.

Key sources of estimation uncertainty

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation and is measured using the present value of cash flows estimated to settle the present obligation.

Income taxes

Judgements

The Company’s operations involve judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits.

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Key sources of estimation uncertainty

The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

Evaluation of indicators of impairment for exploration and evaluation assets

Judgments

The Company applies significant judgment in assessing at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may be greater than or less than the carrying amount. Management assesses internal and external actors to evaluate whether indicators of impairment or impairment reversal exist that necessitate impairment testing.

4. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
Balance, January 1, 2023	\$ 71,396	\$ 920,009	\$ 131,372	\$ 1,122,777
Additions	-	110,698	23,949	134,647
Disposals	-	-	(63,134)	(63,134)
Impairment reversal	-	-	63,134	63,134
Foreign currency adjustment	6,393	85,550	12,448	104,391
Balance, December 31, 2023	\$ 77,789	\$ 1,116,257	\$ 167,769	\$ 1,361,815
Additions	-	26,677	18,324	45,001
Foreign currency adjustment	(16,760)	(244,012)	(38,560)	(299,332)
Balance, December 31, 2024	\$ 61,029	\$ 898,922	\$ 147,533	\$ 1,107,484

Accumulated depreciation:	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
Balance, January 1, 2023	\$ -	\$ (224,482)	\$ (80,495)	\$ (304,977)
Depreciation expense	-	(98,431)	(13,357)	(111,788)
Disposals	-	-	47,014	47,014
Impairment reversal	-	-	(47,014)	(47,014)
Foreign currency adjustment	-	(22,916)	(7,587)	(30,503)
Balance, December 31, 2023	\$ -	\$ (345,829)	\$ (101,439)	\$ (447,268)
Depreciation expense	-	(101,648)	(16,773)	(118,421)
Foreign currency adjustment	-	87,921	24,065	111,986
Balance, December 31, 2024	\$ -	\$ (359,556)	\$ (94,147)	\$ (453,703)

Net book value:	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
December 31, 2023	\$ 77,789	\$ 770,428	\$ 66,330	\$ 914,547
December 31, 2024	\$ 61,029	\$ 539,366	\$ 53,386	\$ 653,781

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5. EXPLORATION AND EVALUATION ASSETS

Summary of exploration and evaluation assets:

	Espigão project	Cabaçal project	Total
Balance as at January 1, 2023	\$ 5,806,507	\$ 2,214,127	\$ 8,020,634
Additions:			
Option agreement	-	316,966	316,966
Foreign currency adjustment	511,668	170,233	681,901
Balance as at December 31, 2023	\$ 6,318,175	\$ 2,701,326	\$ 9,019,501
Additions:			
Option agreement	-	250,000	250,000
New areas	-	4,550	4,550
Impairment	(4,976,904)	-	(4,976,904)
Foreign currency adjustment	(1,341,270)	(508,311)	(1,849,581)
Balance as at December 31, 2024	\$ 1	\$ 2,447,565	\$ 2,447,566

Cabaçal Project, Mato Grosso

(a) Overview of Purchase Agreement

On November 6, 2020, the Company entered into a Purchase Agreement with two private Brazilian companies (the “Vendors”), to acquire the rights to the Cabaçal Copper-Gold Project in the state of Mato Grosso, Brazil, (the “Cabaçal Agreement”). On October 5, 2021, the Company assigned the Cabaçal Agreement to its Brazilian subsidiary, Rio Cabaçal Mineração Ltda. The Cabaçal Agreement contemplated that payments can be withheld by the Company in an Indemnification Escrow Fund (the “Escrow Fund”) to guarantee the payment of any losses in connection with certain of the Vendors’ obligations. At the Company’s discretion, the Escrow Fund balance can be used to pay certain Vendors’ obligations.

Under the terms of the Cabaçal Agreement, the Company is required to make staged payments based on milestones achieved below. The Company has determined the Cabaçal Agreement to be an executory contract based on the assessment of its provisions. As a result, as milestones are achieved the respective staged payments are triggered. The measurement of staged payments will be determined at the trigger date and will be capitalized to exploration and evaluation assets as they are deemed to be acquisition related costs.

Amounts triggered and paid as at December 31, 2024:

- First instalment payment: \$25,000 payable within 5 days of the execution of the option agreement (paid);
- Second instalment payment: \$275,000 payable by October 15, 2021, as the transfers of the mineral rights to Rio Cabaçal were filed with the Agência Nacional de Mineração (“ANM”; Brazil’s national mining agency) (paid);
- Third instalment payment: \$1,750,000 payable on August 1, 2023, unless accelerated upon completion of an equity financing for gross proceeds of at least \$2,500,000, provided completion of a successful drill program and historical geophysics database validation, as well as obtaining certain permits and the access to the surface rights overlapping with the Cabaçal mineral rights. The Company has paid \$1,647,717; and
- Fourth instalment payment: 1,000,000 common shares in the capital of the Company or C\$300,000, at the option of the Vendors, within 6 months of the third payment and subject to completion of a technical report on the estimate of the resource in accordance with National Instrument 43-101, whichever occurs later (paid in common shares).

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Amounts not yet triggered:

- Fifth instalment payment: \$1,850,000 plus, at the option of the Vendors, 1,500,000 common shares in the capital of the Company or C\$450,000, within 9 months of the fourth payment and subject to the successful completion of the positive economic feasibility study. On January 4, 2024, the Company amended the terms of this fifth instalment where the payment will be made by September 30, 2025, but is subject to the successful completion of the positive economic feasibility study. The amended terms required the Company to advance a total of \$250,000, divided in monthly instalments, from April 2025 to June 2025, to be deducted from the total amount of the fifth payment. The advance of \$250,000 became payable upon amendment of the Cabaçal Agreement;
- Sixth instalment payment: \$2,250,000 payable plus, at the option of the Vendors, 2,000,000 common shares in the capital of the Company or C\$600,000, up to 30 days after the Installation License (“LI”) of the Cabaçal plant is issued by the competent authorities; and
- Seventh instalment payment: \$2,600,000 payable within 45 days after the signature by the Company of the definitive financing contracts for the construction of the Cabaçal plant.

(b) Cabaçal Agreement payments

During the year ended December 31, 2024, the Company made payments of \$574,182 on behalf of the Vendors that have been deducted from the third payment amount. As at December 31, 2024, the following remaining balances continue to be recognized in accounts payable and accrued liabilities:

- Third instalment - \$102,283
- Fifth instalment - \$250,000

Espigão project, Rondônia, Brazil

As at December 31, 2024, the Company identified an indicator of impairment of the exploration and evaluation assets related to the Espigão project, as the Company will no longer allocate resources for substantive expenditures on further exploration, including an initial drilling program to further evaluate the Iron Oxide Copper Gold potential at the Espigão project.

The Company determined the recoverable amount of the Espigão project using the fair value less costs of disposal (“FVLCD”) approach. As there are no estimated mineral resources for the Espigão project, the Company concluded the recoverable amount was nominal. As a result, the Company recognized an impairment of \$4,976,904 in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2024.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade payables	\$ 971,629	\$ 877,367
Option agreement – Cabaçal project (Note 5(b))	352,283	676,465
Payroll liabilities	228,008	252,503
Other liabilities	<u>78,761</u>	<u>48,014</u>
Total	\$ 1,630,681	\$ 1,854,349

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7. TAXES AND FEES PAYABLE

	December 31, 2024	December 31, 2023
Current:		
Taxes and fees payable (i)	\$ 8,242	\$ 58,406
Withholding taxes and other taxes	58,570	58,650
Other	<u>62,315</u>	<u>67,591</u>
	129,127	184,647
Non-Current:		
Taxes and fees payable (i)	<u>-</u>	<u>9,735</u>
Total	\$ 129,127	\$ 194,382

(i) *Restructuring of Brazilian taxes and fees liabilities*

During the year ended December 31, 2020, the Company enrolled in an instalment payment program on certain unpaid taxes and fees related to the year ended December 31, 2019. Under the program, the Company will pay the outstanding taxes and fees, plus accrued penalties, and interests, in equal instalments over a period of 60 months.

As at December 31, 2024, the total balance of the Brazilian social security taxes payable was \$8,242 (December 31 2023 - \$68,141) that will be repaid in equal monthly instalments over 2 months, adjusted for inflation. As a result, the Company classified as long-term liabilities the amount of \$nil (December 31, 2023 - \$9,735).

8. PROVISIONS

	Environmental provision (i)	Other provisions (ii)	Total
Balance, January 1, 2023	\$ 168,013	\$ 243,493	\$ 411,506
Spent during the year	(130,054)	-	(130,054)
Accretion	11,045	-	11,045
Additions (reversals) during the year	(5,801)	61,732	55,931
Foreign currency adjustment	<u>11,479</u>	<u>23,569</u>	<u>35,048</u>
Balance, December 31, 2023	\$ 54,682	\$ 328,794	\$ 383,476
Spent during the year	(29,475)	-	(29,475)
Accretion	2,180	-	2,180
Additions (reversals) during the year	(7,233)	13,589	6,356
Foreign currency adjustment	<u>(7,241)</u>	<u>(72,630)</u>	<u>(79,871)</u>
Balance, December 31, 2024	\$ 12,912	\$ 269,753	\$ 282,665

(i) *Environmental provision*

Pursuant to Jaburi's operations in Brazil, the Company is required to rehabilitate its plant and colluvial mining sites, as well as remove all plant and equipment. A provision has been recognized for the requirements to rehabilitate these sites environmentally and decommission the plant and equipment. Environmental liabilities related to decommissioning the plants and rehabilitation of the colluvial mining sites are recorded at the present value of the estimated costs, assuming nominal risk-free discount rate of 12.50% and are expected to be incurred up to the end of 2025.

(ii) *Other provisions*

Various legal and regulatory matters are outstanding from time to time due to the nature of the Company's operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such charges occur. As at December 31, 2024, the Company has recognized a provision of \$269,753 (December 31, 2023 - \$328,794) representing management's best estimates of expenditures required to settle present obligations. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the Company's estimates.

9. SHAREHOLDERS' EQUITY

Authorized Capital

As at December 31, 2024 the Company had authorized unlimited number of common shares with a par value of €0.01.

Issued Capital

The Company has 304,840,887 (December 31, 2023 - 242,572,708) issued and fully paid common shares.

Share capital

Share capital comprises the amount subscribed for at the par value.

Share premium

Share premium comprises the amount subscribed for share capital in excess of par value.

Shares issued

During the year ended December 31, 2024, the Company issued:

- 57,500,000 common shares for aggregate gross proceeds of \$14,826,174 at a subscription price of C\$0.35 per common share;
- 3,964,897 common shares for cash proceeds of \$201,985 pursuant to the exercise of stock options at the exercise price of C\$0.07;
- 303,029 common shares related to the exercise on a cashless basis (net exercise) of 365,415 share purchase stock options, in accordance with the Company's omnibus plan; and
- 500,253 common shares for cash proceeds of \$127,814 pursuant to the agent's compensation options at the exercise price of C\$0.35.

On April 9, 2024, the Company closed a bought deal offering through the issuance of 57,500,000 common shares at a subscription price of C\$0.35 per common share, for aggregate gross proceeds to the Company of \$14,826,174 (C\$20,125,000). The Company paid agent's cash commission totaling \$561,170 (C\$761,535) and issued 2,101,628 agent's compensation options, with a grant date fair value of \$302,406 (C\$410,565). Each agent's compensation option is exercisable for one common share at an exercise price of C\$0.35, expiring April 9, 2026. The grant date fair value of the agent's compensation option was determined using Black-Scholes pricing model. The assumptions used to calculate the fair value of the agent's compensation options were: an expected life of 2 years; annualized volatility of 78.08%; a risk free interest rate of 3.59%; and zero expected dividend yield. The Company incurred other share issuance costs of \$530,004 on this offering. Total transactions costs incurred and allocated to share premium was \$1,393,580.

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During the year ended December 31, 2023, the Company issued:

- 36,800,000 common shares for aggregate gross proceeds of \$13,520,717 at a subscription price of C\$0.50 per common share.
- 1,000,000 common shares issued as payment of the fourth instalment of the Cabaçal Agreement (Note 5 (b)).
- 1,938,947 common shares for cash proceeds of \$102,589 pursuant to the exercise of stock options at the exercise price of C\$0.07.

Offering

On May 2, 2023, the Company closed a bought deal offering through the issuance of 36,800,000 common shares at a subscription price of C\$0.50 per common share, for aggregate gross proceeds to the Company of \$13,520,717 (C\$18,400,000). The Company paid agent's cash commission totaling \$616,146 (C\$838,500) and issued 1,677,000 agent's compensation options, valued at \$264,153 (C\$358,912). Each agent's compensation option is exercisable for one common share at an exercise price of C\$0.50, expiring May 2, 2025. The value of the agent's compensation option was determined using Black-Scholes pricing model. The assumptions used to calculate the fair value of the agent's compensation options were: an expected life of 2 years; annualized volatility of 76.30%; a risk free interest rate of 2.95%; and zero expected dividend yield. The Company incurred other share issuance costs of \$299,728 on this offering. Total transactions costs incurred and allocated to share premium was \$1,180,026.

Reserves - Stock options

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding December 31, 2022	14,830,285	C\$ 0.50
Granted	10,390,136	0.49
Expired / cancelled	(1,738,371)	0.71
Exercised (i)	(1,938,947)	0.07
Outstanding December 31, 2023	21,543,103	C\$ 0.65
Granted	780,000	0.47
Expired / cancelled	(765,870)	0.58
Exercised (i)	(4,267,926)	0.07
Outstanding December 31, 2024	17,289,307	C\$ 0.61

(i) During the year ended December 31, 2024, the weighted average share price at the date of the stock option exercise was C\$0.428 (2023 – C\$0.435)

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As at December 31, 2024, the following incentive stock options, and agent's compensation options were outstanding:

	Number of options outstanding	Exercise Price (C\$)	Expiry Date	Remaining Contractual Life (years)
Stock options	248,016	0.10	June 2, 2025	0.42
	2,515,000	0.45	February 26, 2026	1.16
	600,000	0.46	April 29, 2026	1.33
	3,615,155	1.10	October 27, 2026	1.82
	100,000	1.10	February 6, 2027	2.10
	75,000	1.10	February 24, 2027	2.15
	390,000	0.95	May 17, 2027	2.38
	2,676,500	0.50	January 25, 2028	3.07
	695,000	0.50	July 26, 2028	3.57
	950,000	0.50	October 11, 2028	3.78
	1,000,000	0.35	October 27, 2028	3.82
	4,244,636	0.50	November 28, 2028	3.91
	180,000	0.50	February 28, 2029	4.16
Agent's compensation options	1,677,000 ⁽¹⁾	0.50	May 2, 2025	0.33
	2,101,628 ⁽²⁾	0.35	April 9, 2026	1.32

⁽¹⁾ Issued in connection with the public offering closed on May 2, 2023.

⁽²⁾ Issued in connection with the public offering closed on April 9, 2024.

Total share-based payments expense recognized in the Statements of Loss for the year ended December 31, 2024 was \$118,834 (2023 - \$1,886,207) for incentive options granted and vested, as follows:

- 600,000 stock options granted to a consultant of the Company with an exercise price of C\$0.46 per common share for a term of two years, until April 29, 2026.
- 180,000 stock options granted to a consultant of the Company with an exercise price of C\$0.50 per common share for a term of five years, until February 28, 2029.

During the year ended December 31, 2023, total share-based payments expense recognized in the Statements of Loss was \$1,886,207 related to 10,390,136 stock options granted to directors, officers, employees, advisors, and consultants of the Company that vested immediately with an exercise price ranging from C\$0.35 to C\$0.50 per common share for a term of five years.

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The following assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the years ended on December 31, 2024 and December 31, 2023:

	Options granted in 2024	Options granted in 2023
Risk-free interest rate	3.60% - 3.81%	2.88% - 4.15%
Expected life of options	2 - 5 years	5 years
Expected annualized volatility	78.55% - 83.24%	83.26% - 85.04%
Dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%

The expected volatility used in the Black-Scholes option pricing model is based primarily on the historical volatility of comparable companies.

Loss per share (“EPS”):

The following table sets forth the computation of basic and diluted loss per share:

	Year ended December 31,	
	2024	2023
Numerator		
Loss for the year	\$ (18,234,905)	\$ (11,985,858)
Effect of dilutive securities	-	-
	\$ (18,234,905)	\$ (11,985,858)
Denominator		
For basic – weighted average number of shares outstanding	285,680,620	228,902,663
Effect of dilutive securities	-	-
For diluted – adjusted weighted average number of the shares outstanding	285,680,620	228,902,663
Loss per Share		
Basic	(0.06)	(0.05)
Diluted	(0.06)	(0.05)

For the year ended December 31, 2024, 1,248,016 stock options (December 31, 2023 – 5,600,700) and 2,101,628 agent’s compensation options (December 31, 2023 – 501,004) were not included in the calculation of diluted earnings per share as the Company was in a loss position and thus any impact would be anti-dilutive.

10. RELATED PARTIES

a) Key management compensation

	2024	2023
Salaries, consulting and director’s fees	\$ 1,365,453	\$ 1,176,657
Share-based compensation	-	1,005,315
Total	\$ 1,365,453	\$ 2,181,972

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b) Other related party transactions

As at December 31, 2024, the Company had the following balances due to entities related by way of common directors and/or management. These amounts, unless otherwise noted, were unsecured and non-interest bearing.

	December 31, 2024	December 31, 2023
Other liabilities - management and Board fees	\$ 78,761	\$ 48,014

11. EXPLORATION AND EVALUATION EXPENSES

	December 31, 2024	December 31, 2023
Assays	\$ 1,594,171	\$ 955,687
Consulting – geological and other	1,243,971	733,638
Drilling	2,808,761	2,013,207
Equipment and Vehicle expenses	674,762	558,704
Environmental studies	154,838	282,682
Fees and licenses	56,447	49,714
Field expenditures and road construction	510,941	424,483
Payroll	1,289,172	1,305,552
Room and boarding	298,757	263,700
Other	90,757	38,961
Total	\$ 8,722,577	\$ 6,626,328

12. GENERAL AND ADMINISTRATION EXPENSES

	December 31, 2024	December 31, 2023
Consulting	\$ 136,266	\$ 40,455
Investor relations and shareholder communication	298,967	245,869
Insurance	125,119	123,914
Management and director fees (Note 10)	1,365,453	1,176,657
Office and miscellaneous	147,431	168,861
Payroll	501,458	527,636
Rent	80,109	74,016
Subscriptions and licenses	8,840	8,252
Telephone and information technology	69,584	57,120
Travel	203,512	193,789
Other	40,606	101,419
Total	\$ 2,977,345	\$ 2,717,988

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13. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Loss before income taxes	\$ (18,234,905)	\$ (11,985,858)
Statutory tax rate:	25%	19%
Expected income tax (recovery)	\$ (4,558,726)	\$ (2,277,313)
Foreign tax rate differential	(2,619,000)	(1,083,000)
Statutory permanent differences	1,702,000	737,000
Impact of future income tax rates	(1,753,000)	-
Adjustment to prior years provision versus tax returns	(234,000)	-
Losses and deductible temporary differences not recognized	3,621,000	2,627,313
Impact of foreign exchange	3,841,726	(4,000)
Income tax expense	\$ -	\$ -

The significant components of deferred tax assets and liabilities as at year-end are as follows:

	December 31, 2024	December 31, 2023
Exploration and evaluation assets	\$ -	\$ (122,000)
Property, plant and equipment and other	-	-
Loss carryforwards	-	122,000
Net deferred tax assets (liabilities)	\$ -	\$ -

The significant components of the Company's deductible temporary differences, and unused tax losses that have not been recognized on the statement of financial position are as follows:

	December 31, 2024	December 31, 2023
Temporary differences:		
Environmental provision	\$ 13,000	\$ 55,000
Loss carry forwards	79,683,000	72,390,000
Provisions	632,000	806,000
Property, plant and equipment	883,000	1,440,000
Tax credits	603,000	768,000

Loss carryforwards consist of Canadian tax losses of \$3,241,000, which expire between 2036 and 2044, United Kingdom loss of \$32,482,000 which have no expiry date and Brazilian tax losses of \$43,960,000, which have no expiry date, however only 30% of the taxable income in one year can be applied against the loss carry-forwarded balance. The ability of the Company to access unrecognized tax losses and other deductions in Canada has been restricted as a result of the 2016 acquisition of control of Cancana. Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity totaling \$9,189,543 (2023 – \$15,019,001). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (Note 1) to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments as a result of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

15. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

The Company is required to disclose the fair value of each class of financial assets and liabilities in the financial statements. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

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

The carrying value of cash and accounts payable approximate fair value due to the short-term nature of the financial instruments.

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits cash with high credit quality financial institutions as determined by rating agencies.

Currency risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs are primarily in US dollars, Canadian dollars, Brazilian reals, and British pound sterling. Hence, any fluctuation of the US dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities.

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The Company is exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the functional currency of the applicable company. The following table are the US dollar equivalents of the Company's exposure to the following currencies:

As at December 31, 2024	Australian dollar	British pound	US dollar	Canadian dollar
Cash	\$ 44,043	\$ -	\$ 1,747	\$ 7,246,029
Total Assets	44,043	-	1,747	7,246,029
Accounts payable and accrued liabilities	(67,326)	(37,631)	(352,283)	(148,466)
Net Assets	\$ (23,283)	\$ (37,631)	\$ (350,536)	\$ 7,097,563
<hr/>				
As at December 31, 2023	US dollar			Canadian dollar
Cash	\$ 1,819			\$ 6,156,849
Total Assets	1,819			6,156,849
Accounts payable and accrued liabilities	(676,465)			-
Net Assets	\$ (674,646)			\$ 6,156,849

As at December 31, 2024, fluctuations of +/- 10% in the US dollar, relative to those foreign currencies, would impact the Company's Statements of Loss for the year ended December 31, 2024 by approximately \$668,611. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by approximately \$729,182, \$60,571 and \$668,611, respectively, as at December 31, 2024.

The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. None of the Company's payables are subject to floating interest rates. The Company does not believe its interest rate risk is significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Company has historically relied upon equity financings to maintain an adequate level of cash to satisfy its capital requirements and will continue to depend heavily upon equity financings. All of the Company's accounts payable and accrued liabilities are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing exploration of its properties, such capital is expected to be derived from the completion of equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities.

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The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

As at December 31, 2024, the Company's liabilities that have contractual maturities are as follows:

	Less than 1 year	Less than 2 years	2 years or greater	Total
Accounts payable and accrued liabilities	\$ 1,630,681	\$ -	\$ -	\$ 1,630,681
Provisions	282,665	-	-	282,665
	<u>\$ 1,913,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,913,346</u>

16. SEGMENTED INFORMATION

The Company operates in one operating segment, being the acquisition, exploration and development of exploration and evaluation properties in Brazil. Accordingly, the chief decision makers consider Meridian to currently have one segment and, therefore, segmented information is not presented.

17. SUBSEQUENT EVENTS

On February 19, 2025, the Company closed a private placement through the issuance of 44,187,432 common shares at a price of C\$0.39 per common share for gross proceeds to the Company of C\$17,233,098 (\$ 12,127,300). The common shares issued pursuant to the private placement are subject to a four-month hold period expiring on June 20, 2025.

In addition to the common shares issued pursuant to the private placement, the Company issued the following common shares subsequent the year ended December 31, 2024:

- 21,538 common shares related to the exercise on a cashless basis (net exercise) of 70,000 share purchase stock options, in accordance with the Company's omnibus plan; and
- 1,946,648 common shares for cash proceeds of \$580,621 pursuant to the agent's compensation options at the exercise price of C\$0.35 and C\$0.50.