

Condensed Consolidated Interim Financial Statements of

Azucar Minerals Ltd.

For the three months ended March 31, 2025
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Azucar Minerals Ltd. (“the Company”) for the three months ended March 31, 2025 have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity’s auditor.

Azucar Minerals Ltd.

Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	March 31, 2025	December 31, 2024
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	1,698,243	1,739,333
Accounts receivable and prepaid expenses (Note 4)	40,109	53,884
	1,738,352	1,793,217
Non-current assets		
Property and equipment (Note 5)	4,413	4,771
Exploration and evaluation assets (Note 6)	1	1
	4,414	4,772
TOTAL ASSETS	1,742,766	1,797,989
LIABILITIES		
Current liabilities		
Trade and other payables (Note 8(b))	61,808	73,038
Total liabilities	61,808	73,038
EQUITY		
Share capital (Note 7)	24,043,321	24,043,321
Reserves (Note 7)	3,925,324	3,925,324
Deficit	(26,287,687)	(26,243,694)
Total equity	1,680,958	1,724,951
TOTAL EQUITY AND LIABILITIES	1,742,766	1,797,989
Subsequent Event (Note 14)		

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 22, 2025.

They are signed on the Company's behalf by:

/s/Duane Poliquin
Director

/s/ Fuad Sillem
Director

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

Azucar Minerals Ltd.

Condensed consolidated interim statements of comprehensive loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2025	2024
	\$	\$
Expenses		
Administrative services fee (Note 8(a)(b))	40,328	18,471
Depreciation (Note 5)	358	2,562
Office	6,435	6,288
Professional fees	31,439	34,583
Transfer agent and filing fees	16,921	17,050
	95,481	78,954
Other income		
Interest income (Note 6)	13,337	86,738
Recovery of exploration and evaluation assets (Note 6)	36,364	148,106
Foreign exchange gain	1,787	24,320
	51,488	259,164
Total comprehensive income (loss) for the period	(43,993)	180,210
Basic and diluted net loss per common share (Note 9)	(0.00)	(0.00)

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

Azucar Minerals Ltd.

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2025	2024
	\$	\$
Operating activities		
Net income (loss) for the period	(43,993)	180,210
Items not affecting cash		
Depreciation	358	2,562
Recovery of exploration and evaluation assets	(36,364)	(148,106)
Interest income on VAT	(7,743)	(85,759)
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	13,775	14,461
Trade and other payables	(11,230)	(3,446)
Net used in operating activities	(85,197)	(40,078)
Investing activities		
Exploration and evaluation assets - costs	(23,293)	(95,142)
Refund Value-added tax	59,657	243,248
Interest income on VAT	7,743	85,759
Net cash from investing activities	44,107	233,865
Change in cash and cash equivalents	(41,090)	193,787
Cash and cash equivalents, beginning of period	1,739,333	1,127,401
Cash and cash equivalents, end of period	1,698,243	1,321,188
Supplemental cash flow information (Note 10)		

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

Azucar Minerals Ltd.

Condensed consolidated interim statement of changes in equity
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Reserves			
	Number of shares	Amount	Share-based payments	Total Reserves	Deficit	Total
		\$	\$	\$	\$	\$
Balance, January 1, 2024	73,829,025	24,043,321	3,914,644	3,914,644	(26,741,881)	1,216,084
Total comprehensive income for the period	-	-	-	-	180,210	180,210
Balance, March 31, 2024	73,829,025	24,043,321	3,914,644	3,914,644	(26,561,671)	1,396,294
Share-based payments	-	-	10,680	10,680	-	10,680
Total comprehensive income for the period	-	-	-	-	317,977	317,977
Balance, December 31, 2024	73,829,025	24,043,321	3,925,324	3,925,324	(26,243,694)	1,724,951
Total comprehensive loss for the period	-	-	-	-	(43,993)	(43,993)
Balance, March 31, 2025	73,829,025	24,043,321	3,925,324	3,925,324	(26,287,687)	1,680,958

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

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Azucar Minerals Ltd. (the “Company” or “Azucar”) was incorporated on April 10, 2015 under the laws of the Province of British Columbia. The Company’s business activity is the exploration of the El Cobre project in Veracruz, Mexico. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “AMZ”. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The address of the Company’s registered and records office is Suite 1710 –1177 West Hastings Street, Vancouver, BC, Canada V6E 2L3.

The business of exploring for minerals and mine development involves a high degree of risk and there can be no assurance that any of the Company’s current or future exploration programs will result in profitable mining operations. The Company has no source of revenue. As discussed in Note 6, title to the Company’s El Cobre project is currently restricted by the Mexican government due to the ongoing legal proceedings, and the Company is unable to perform any mining-related activities at this stage.

These condensed consolidated interim financial statements were 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 of March 31, 2025, the Company had a working capital surplus of \$1,676,544 (December 31, 2024 – \$1,720,179). The Company does not currently hold any revenue-generating properties and therefore continues to incur losses. The Company incurred a net loss for the three months ended March 31, 2025, of \$43,993 (2024 – net income of \$180,210) and negative cash flows from operations of \$85,197 for the three months ended March 31, 2025 (2024 – \$40,078). As at March 31, 2025, the Company had an accumulated deficit of \$26,287,687 (December 2024 – \$26,243,694). The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and in the meantime, to obtain the necessary financing to repay its liabilities when they become due. Management estimates that there is sufficient working capital to sustain operations for the next twelve months. External financing will be sought to finance the operations of the Company and enable the Company to continue its efforts towards the exploration and development of its mineral properties. There can be no assurance that steps management is taking will be successful. These condensed consolidated interim financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards (“IAS”) 34 “*Interim Financial Reporting*” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

(b) Basis of preparation

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes the Company will continue its operations for a reasonable period of time. The Company’s ability to continue its operations is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

2. Basis of Presentation (*Continued*)

(b) *Basis of preparation (Continued)*

significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

Except as described below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2024.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ended December 31, 2025.

3. Material Accounting Policies

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ended December 31, 2025.

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated 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. There have been no changes in estimates since the annual consolidated financial statements as at and for the year ended December 31, 2024.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	March 31, 2025	December 31, 2024
	\$	\$
Accounts receivable	15,030	19,008
Prepaid expenses	25,079	34,876
	40,109	53,884

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

5. Property and Equipment

	Computer hardware	Computer software	Total
	\$	\$	\$
Cost			
December 31, 2024	4,781	26,006	30,787
Additions	-	-	-
March 31, 2025	4,781	26,006	30,787
Accumulated depreciation			
December 31, 2024	4,205	21,811	26,016
Depreciation	43	315	358
March 31, 2025	4,248	22,126	26,374
Carrying amounts			
December 31, 2024	576	4,195	4,771
March 31, 2025	533	3,880	4,413

6. Exploration and Evaluation Assets

Exploration and evaluation assets – El Cobre	\$
Acquisition costs:	
Opening balance – December 31, 2024	1
Additions	-
Closing balance – March 31, 2025	1
Deferred exploration costs:	
Opening balance - December 31, 2024	-
Costs incurred during the year:	
Professional/technical fees	8,475
Claim maintenance/lease costs	-
Travel and accommodation	3,477
Supplies and miscellaneous	2,184
Environmental	6,113
Refund value-added tax	(59,657)
Value-added tax	3,044
Recovery (impairment) of deferred exploration costs	36,364
Total deferred exploration costs during the period	-
Closing balance – March 31, 2025	1
Total exploration and evaluation assets	1

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

The following is a description of the Company's property interest and related spending commitments:

(a) El Cobre

The Company owns a 100% interest in the El Cobre property located in the state of Veracruz, Mexico.

On September 29, 2023, Azucar received notification from the First District Court of Veracruz ("First District Court") that its Mexican subsidiary, Minera Alondra ("Alondra"), was named in a lawsuit ("Amparo") as an affected third party relating to twenty-four mineral concessions in Veracruz, Mexico (the "Concessions"), of which some may cover the El Cobre project.

The Amparo was filed in 2022 by thirty-three people from the municipalities of Actopan and Alto Lucero, and the First District Court granted them an injunction requiring the cessation of mining-related activities on several concessions, including those owned by the Company and covering the El Cobre project. The Company is appealing this injunction. The Company has also presented arguments regarding the Amparo to the First District Court to protect its rights.

(b) Other

Expenditures incurred by the Company in Mexico are subject to Mexican Value-added tax ("VAT"). The VAT is included in exploration and evaluation assets as incurred. Under Mexican law, VAT paid can be used in the future to offset amounts resulting from VAT charged on sales. Under certain circumstances and subject to approval from tax authorities, a company can also apply for an early refund of VAT prior to generating sales. During the three months ended March 31, 2025, the Company received a VAT recovery of \$59,657 (2024 - 243,248) and other income of \$7,743 (2024 - \$85,759) related to a VAT refund from prior years which is recorded in interest income.

7. Share Capital and Reserves

(a) Authorized share capital

At March 31, 2025, the Company's authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At March 31, 2025, the Company may reserve up to 1,578,903 shares that may be granted as stock options. The exercise price of any option cannot be less than the discounted market price. The maximum term of all options is ten years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period.

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

7. Share Capital and Reserves (Continued)**(b) Stock option plan (Continued)**

The continuity of stock options for the period ended March 31, 2025 is as follows:

Expiry date	Exercise price	December 31, 2024	Granted	Exercised	Expired/cancelled	March 31, 2025
March 10, 2027	\$ 0.11	400,000	-	-	-	400,000
March 10, 2027	\$ 0.09	425,000	-	-	-	425,000
December 17, 2027	\$ 0.06	380,000	-	-	(25,000)	355,000
May 12, 2028	\$ 0.09	3,163,200	-	-	-	3,163,200
July 10, 2028	\$ 0.05	1,060,800	-	-	-	1,060,800
May 10, 2029	\$ 0.04	400,000	-	-	-	400,000
Options outstanding and exercisable		5,829,000	-	-	(25,000)	5,804,000
Weighted average exercise price		\$ 0.08	-	-	0.06	\$ 0.08

8. Related Party Transactions and Balances**(a) Compensation of key management personnel**

Key management personnel include these persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice President. These amounts are included within administrative services fee expense. The aggregate value of compensation to key management personnel was as follows:

	Three months ended March 31,	
	2025	2024
	\$	\$
Management fees ⁽¹⁾	26,525	12,363
	26,525	12,363

⁽¹⁾ Management fees are recorded within Administrative services fees.

(b) Other related party transactions**Administrative Services Agreement**

The Company paid administrative services fees to Almaden Minerals Ltd. ("Almaden") pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

Almaden and the Company are considered related parties through common officers.

At March 31, 2025, included in trade and other payables is \$15,256 (December 31, 2024 - \$29,170) due to Almaden.

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

8. Related Party Transactions and Balances (Continued)

(b) Other related party transactions (Continued)

Other

Almadex Minerals Ltd. ("Almadex") and the Company are considered related parties through common officers.

Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

9. Net Income (Loss) per Share

Basic and diluted net income (loss) per share

The calculation of basic net loss per share for the three months ended March 31, 2025 was based on the net loss attributable to common shareholders of \$43,993 (2024 – Net income of \$180,210) and a weighted average number of common shares outstanding of 73,829,025 (2024 – 73,829,025).

The calculation of diluted net loss per share for the three months ended March 31, 2025 did not include the effect of stock options and warrants as they were considered anti-dilutive.

The calculation of diluted net income per share for the three months ended March 31, 2024 includes a weighted average number of common shares outstanding of 73,829,025, adjusted for the effects of all dilutive potential common shares, which comprises nil stock options and nil warrants.

10. Supplemental Cash Flow Information

Cash equivalents include term deposits with an original maturity of three months or less, or are readily convertible into a known amount of cash.

Cash and cash equivalents is comprised of the following:

	March 31, 2025	December 31, 2024
	\$	\$
Cash	735,683	460,158
Term Deposits	962,560	1,279,175
	<u>1,698,243</u>	<u>1,739,333</u>

11. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

The Company does not carry any financial instruments at fair value.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk.

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

11. Financial Instruments (Continued)**(a) Currency risk**

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

As at March 31, 2025, the Company is exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

	US dollar	Mexican peso
All amounts in Canadian dollars		
	\$	\$
Cash and cash equivalents	1,226,025	195,436
Total assets	1,226,025	195,436
Trade and other payables	173	2,823
Total liabilities	173	2,823
Net assets	1,225,852	192,613

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$123,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$19,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

As at March 31, 2025, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents and accounts receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

11. Financial Instruments (Continued)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to varying interest rates on cash and cash equivalents. The Company has no interest-bearing debt.

A 1% change in the interest rate does not have any significant impact on the Company's net loss.

(e) Commodity and equity price risk

The ability of the Company to explore its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company. Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

12. Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the upcoming fiscal year. There have been no changes to the Company's capital management approach during the year. The Company is not subject to externally imposed capital requirements.

13. Segmented Information

The Company operates in two reportable operating segments, being the acquisition and exploration of mineral resource properties in Mexico.

Geographic information is as follows:

Azucar Minerals Ltd.

Notes to the consolidated financial statements

For the three months ended March 31, 2025

(Expressed in Canadian dollars)

13. Segmented Information (Continued)

	Property and equipment	Exploration and evaluation assets	March 31, 2025
	\$	\$	\$
Mexico	305	1	306
Canada	4,108	-	4,108
	4,413	1	4,414

The Company's revenue from interest income on cash and cash equivalents was earned in Canada and Mexico.

14. Subsequent Event

On May 1, 2025, the Company announced it has signed an Option-Joint venture exploration agreement with Almadex whereby Azucar has the option to acquire a 60% interest in three of Almadex's wholly owned blocks of claims in Nevada, the Pilot, Confusion Hills and Red Ring prospects (the "Projects").

The terms of the Option require Azucar to meet the following cash payment and work commitment schedule:

(a) Cash Payments to Almadex:

- (i) \$100,000 USD, upon acceptance by the TSX Venture Exchange and minority shareholder approval by Azucar; and
- (ii) \$300,000 USD for each Project which Azucar wishes to exercise the Option, after the completion of the Exploration Requirements (defined below) but no later than the exercise of the Option.

(b) Work Commitments:

- (i) at least 2,000 metres of drilling in the aggregate on one or more of the Projects, within eighteen (18) months of the Effective Date; and
- (ii) at least 3,000 metres of drilling on the specific Project which Azucar wishes to exercise the Option, within five (5) years of the Effective Date (collectively, the "Exploration Requirements").

In addition to the above, upon at least 15,000 metres of drilling being completed on a specific Project either during the Option period or thereafter, Azucar shall make a cash payment of \$750,000 USD to Almadex. The transaction is subject to the approval of the Company's disinterested shareholders and the TSX Venture Exchange.