

Condensed Consolidated Interim Financial Statements of

**Azucar Minerals Ltd.**

For the three and six months ended June 30, 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 and six months ended June 30, 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)

|   | June 30,<br>2025 | December 31,<br>2024 |
|---|------------------|----------------------|
|   | \$               | \$                   |
| <b>ASSETS</b>                                     |                  |                      |
| <b>Current assets</b>                             |                  |                      |
| Cash and cash equivalents (Note 10)               | 1,486,184        | 1,739,333            |
| Accounts receivable and prepaid expenses (Note 4) | 25,026           | 53,884               |
|   | <b>1,511,210</b> | <b>1,793,217</b>     |
| <b>Non-current assets</b>                         |                  |                      |
| Property and equipment (Note 5)                   | 4,055            | 4,771                |
| Exploration and evaluation assets (Note 6)        | 1                | 1                    |
|   | <b>4,056</b>     | <b>4,772</b>         |
| <b>TOTAL ASSETS</b>                               | <b>1,515,266</b> | <b>1,797,989</b>     |
| <b>LIABILITIES</b>                                |                  |                      |
| <b>Current liabilities</b>                        |                  |                      |
| Trade and other payables (Note 8(b))              | 33,874           | 73,038               |
| <b>Total liabilities</b>                          | <b>33,874</b>    | <b>73,038</b>        |
| <b>EQUITY</b>                                     |                  |                      |
| Share capital (Note 7)                            | 24,043,321       | 24,043,321           |
| Reserves (Note 7)                                 | 3,925,324        | 3,925,324            |
| Deficit   | (26,487,253)     | (26,243,694)         |
| <b>Total equity</b>                               | <b>1,481,392</b> | <b>1,724,951</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>               | <b>1,515,266</b> | <b>1,797,989</b>     |

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 13, 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 income (loss)

(Unaudited - Expressed in Canadian dollars)

|   | Three months ended June 30 |                | Six months ended June 30, |                |
|---|----------------------------|----------------|---------------------------|----------------|
|   | 2025                       | 2024           | 2025                      | 2024           |
|   | \$                         | \$             | \$                        | \$             |
| <b>Expenses</b>   |                            |                |                           |                |
| Administrative services fee (Note 8(a)(b))                          | 41,213                     | 18,959         | 81,541                    | 37,430         |
| Depreciation (Note 5)   | 358                        | 2,561          | 716                       | 5,123          |
| Office  | 11,683                     | 9,870          | 18,118                    | 16,158         |
| Professional fees   | 35,380                     | 29,235         | 66,819                    | 63,818         |
| Transfer agent and filing fees                                      | 10,198                     | 9,680          | 27,119                    | 26,730         |
| Share-based payments (Note 7(b))                                    | -                          | 10,680         | -                         | 10,680         |
|   | 98,832                     | 80,985         | 194,313                   | 159,939        |
| <b>Other income</b>   |                            |                |                           |                |
| Interest income (Note 6)  | 12,892                     | 73,879         | 26,229                    | 160,617        |
| Recovery (impairment) of exploration and evaluation assets (Note 6) | (56,920)                   | 168,415        | (20,556)                  | 316,521        |
| Foreign exchange gain (loss)  | (56,706)                   | (21,564)       | (54,919)                  | 2,756          |
|   | (100,734)                  | 220,730        | (49,246)                  | 479,894        |
| <b>Total comprehensive income (loss) for the period</b>             | <b>(199,566)</b>           | <b>139,745</b> | <b>(243,559)</b>          | <b>319,955</b> |
| <b>Basic and diluted net loss per common share (Note 9)</b>         | <b>(0.00)</b>              | <b>(0.00)</b>  | <b>(0.00)</b>             | <b>(0.00)</b>  |

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 June 30, |           | Six months ended June 30, |           |
|--|-----------------------------|-----------|---------------------------|-----------|
|  | 2025                        | 2024      | 2025                      | 2024      |
|  | \$                          | \$        | \$                        | \$        |
| <b>Operating activities</b>                                |                             |           |                           |           |
| Net income (loss) for the period                           | (199,566)                   | 139,745   | (243,559)                 | 319,955   |
| Items not affecting cash                                   |                             |           |                           |           |
| Depreciation   | 358                         | 2,561     | 716                       | 5,123     |
| Impairment (recovery) of exploration and evaluation assets | 56,920                      | (168,415) | 20,556                    | (316,521) |
| Share-based payments                                       | -                           | 10,680    | -                         | 10,680    |
| Interest income on VAT                                     | -                           | (64,359)  | (7,743)                   | (150,118) |
| Changes in non-cash working capital components             |                             |           |                           |           |
| Accounts receivable and prepaid expenses                   | 15,083                      | 9,729     | 28,858                    | 24,190    |
| Trade and other payables                                   | (27,934)                    | (15,846)  | (39,164)                  | (19,292)  |
| Net cash used in operating activities                      | (155,139)                   | (85,905)  | (240,336)                 | (125,983) |
| <b>Investing activities</b>                                |                             |           |                           |           |
| Exploration and evaluation assets - costs                  | (56,920)                    | (32,900)  | (80,213)                  | (128,042) |
| Refund Value-added tax                                     | -                           | 201,315   | 59,657                    | 444,563   |
| Interest income on VAT                                     | -                           | 64,359    | 7,743                     | 150,118   |
| Net cash (used) from investing activities                  | (56,920)                    | 232,774   | (12,813)                  | 466,639   |
| Change in cash and cash equivalents                        | (212,059)                   | 146,869   | (253,149)                 | 340,656   |
| Cash and cash equivalents, beginning of period             | 1,698,243                   | 1,321,188 | 1,739,333                 | 1,127,401 |
| Cash and cash equivalents, end of period                   | 1,486,184                   | 1,468,057 | 1,486,184                 | 1,468,057 |
| 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)

|   | <b>Share Capital</b> |                   | <b>Reserves</b>         |                   |                     |                  |
|---|----------------------|-------------------|-------------------------|-------------------|---------------------|------------------|
|   | Number of<br>shares  | Amount            | Share-based<br>payments | Total<br>Reserves | <b>Deficit</b>      | <b>Total</b>     |
|   |                      | \$                | \$                      | \$                | \$                  | \$               |
| <b>Balance, January 1, 2024</b>           | <b>73,829,025</b>    | <b>24,043,321</b> | <b>3,914,644</b>        | <b>3,914,644</b>  | <b>(26,741,881)</b> | <b>1,216,084</b> |
| Total comprehensive income for the period | -                    | -                 | -                       | -                 | 319,955             | 319,955          |
| <b>Balance, June 30, 2024</b>             | <b>73,829,025</b>    | <b>24,043,321</b> | <b>3,914,644</b>        | <b>3,914,644</b>  | <b>(26,421,926)</b> | <b>1,536,039</b> |
| Share-based payments                      | -                    | -                 | 10,680                  | 10,680            | -                   | 10,680           |
| Total comprehensive income for the period | -                    | -                 | -                       | -                 | 178,232             | 178,232          |
| <b>Balance, December 31, 2024</b>         | <b>73,829,025</b>    | <b>24,043,321</b> | <b>3,925,324</b>        | <b>3,925,324</b>  | <b>(26,243,694)</b> | <b>1,724,951</b> |
| Total comprehensive loss for the period   | -                    | -                 | -                       | -                 | (243,559)           | (243,559)        |
| <b>Balance, June 30, 2025</b>             | <b>73,829,025</b>    | <b>24,043,321</b> | <b>3,925,324</b>        | <b>3,925,324</b>  | <b>(26,487,253)</b> | <b>1,481,392</b> |

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

## **Azucar Minerals Ltd.**

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

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### **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 1200 – 200 Burrard Street, Vancouver, BC, Canada V7X 1T2.

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 June 30, 2025, the Company had a working capital surplus of \$1,477,336 (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 six months ended June 30, 2025, of \$243,559 (2024 – net income of \$319,955) and negative cash flows from operations of \$240,336 for the six months ended June 30, 2025 (2024 – \$125,983). As at June 30, 2025, the Company had an accumulated deficit of \$26,487,253 (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 condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

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### 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 June 30, 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:

|                     | June 30,<br>2025 | December 31,<br>2024 |
|---------------------|------------------|----------------------|
|                     | \$               | \$                   |
| Accounts receivable | 8,856            | 19,008               |
| Prepaid expenses    | 16,170           | 34,876               |
|                     | <b>25,026</b>    | <b>53,884</b>        |



**Azucar Minerals Ltd.**

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

**5. Property and Equipment**

|                                 | <b>Computer<br/>hardware</b> | <b>Computer<br/>software</b> | <b>Total</b>  |
|---------------------------------|------------------------------|------------------------------|---------------|
| <b>Cost</b>                     | <b>\$</b>                    | <b>\$</b>                    | <b>\$</b>     |
| <b>December 31, 2024</b>        | <b>4,781</b>                 | <b>26,006</b>                | <b>30,787</b> |
| Additions                       | -                            | -                            | -             |
| <b>June 30, 2025</b>            | <b>4,781</b>                 | <b>26,006</b>                | <b>30,787</b> |
| <b>Accumulated depreciation</b> |                              |                              |               |
| <b>December 31, 2024</b>        | <b>4,205</b>                 | <b>21,811</b>                | <b>26,016</b> |
| Depreciation                    | 86                           | 630                          | 716           |
| <b>June 30, 2025</b>            | <b>4,291</b>                 | <b>22,441</b>                | <b>26,732</b> |
| <b>Carrying amounts</b>         |                              |                              |               |
| December 31, 2024               | 576                          | 4,195                        | 4,771         |
| <b>June 30, 2025</b>            | <b>490</b>                   | <b>3,565</b>                 | <b>4,055</b>  |

**6. Exploration and Evaluation Assets**

|   |           |
|---|-----------|
| <b>Exploration and evaluation assets – El Cobre</b>       | <b>\$</b> |
| <b>Acquisition costs:</b>                                 |           |
| <b>Opening balance – December 31, 2024</b>                | <b>1</b>  |
| Additions   | -         |
| <b>Closing balance – June 30, 2025</b>                    | <b>1</b>  |
| <b>Deferred exploration costs:</b>                        |           |
| <b>Opening balance - December 31, 2024</b>                | <b>-</b>  |
| Costs incurred during the period:                         |           |
| Professional/technical fees                               | 49,983    |
| Claim maintenance/lease costs                             | -         |
| Travel and accommodation                                  | 4,718     |
| Supplies and miscellaneous                                | 2,256     |
| Environmental   | 12,324    |
| Refund value-added tax                                    | (59,657)  |
| Value-added tax   | 10,932    |
| Recovery (impairment) of deferred exploration costs       | (20,556)  |
| <b>Total deferred exploration costs during the period</b> | <b>-</b>  |
| <b>Closing balance – June 30, 2025</b>                    | <b>1</b>  |
| <b>Total exploration and evaluation assets</b>            | <b>1</b>  |

## Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements  
For the three and six months ended June 30, 2025  
(Unaudited - Expressed in Canadian dollars)

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### 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 six months ended June 30, 2025, the Company received a VAT recovery of \$59,657 (2024 - 444,563) and other income of \$7,743 (2024 - \$150,118) related to a VAT refund from prior years which is recorded in interest income.

#### *(c) Option Agreement*

On May 1, 2025, the Company signed an Option 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 Work Commitments 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

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, which was received at the Annual General and Special Meeting of shareholders on June 26, 2025, and the TSX Venture Exchange.

## Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

### 6. Exploration and Evaluation Assets *(Continued)*

#### *(c) Option Agreement (Continued)*

Almadex is considered a related party as it holds a 19% interest in Azucar and both companies share common management and Board members.

### 7. Share Capital and Reserves

#### *(a) Authorized share capital*

At June 30, 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 June 30, 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.

The continuity of stock options for the period ended June 30, 2025 is as follows:

| Expiry date                         | Exercise price | December 31, 2024 | Granted | Exercised | Expired/cancelled | June 30, 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 |                | <b>5,829,000</b>  | -       | -         | <b>(25,000)</b>   | <b>5,804,000</b> |
| 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:

## Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

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(Unaudited - Expressed in Canadian dollars)

### 8. Related Party Transactions and Balances (Continued)

#### (a) Compensation of key management personnel (Continued)

|                                | Three months ended June 30, |        | Six months ended June 30, |        |
|--------------------------------|-----------------------------|--------|---------------------------|--------|
|                                | 2025                        | 2024   | 2025                      | 2024   |
|                                | \$                          | \$     | \$                        | \$     |
| Management fees <sup>(1)</sup> | 26,525                      | 12,363 | 53,050                    | 24,725 |
| Share-based payments           | -                           | 10,680 | -                         | 10,680 |
|                                | 26,525                      | 23,043 | 53,050                    | 35,405 |

<sup>(1)</sup> Management fees are recorded within Administrative Services fees.

#### (b) Other related party transactions

##### Administrative Services Agreement

The Company paid administrative services fees of \$81,541 (2024 - \$37,430) for the six months ended June 30, 2025 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 and Board members.

At June 30, 2025, included in trade and other payables is \$16,520 (December 31, 2024 - \$29,170) due to Almaden.

##### Other

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 June 30, 2025 was based on the net loss attributable to common shareholders of \$199,566 (2024 - Net income of \$139,745) and a weighted average number of common shares outstanding of 73,829,025 (2024 - 73,829,025).

The calculation of basic net loss per share for the six months ended June 30, 2025 was based on the net loss attributable to common shareholders of \$243,559 (2024 - Net income of \$319,955) 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 and six months ended June 30, 2025 did not include the effect of stock options and warrants as they were considered anti-dilutive.

## Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

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### 9. Net Income (Loss) per Share (Continued)

The calculation of diluted net income per share for the three months ended June 30, 2024 includes a weighted average number of common shares outstanding of 73,829,025, adjusted for the effects of all potential dilutive common shares, which comprises nil stock options and nil warrants.

The calculation of diluted net income per share for the six months ended June 30, 2024 includes a weighted average number of common shares outstanding of 73,829,025, adjusted for the effects of all potential dilutive 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:

|               | June 30,<br>2025 | December 31,<br>2024 |
|---------------|------------------|----------------------|
|               | \$               | \$                   |
| Cash          | 704,034          | 460,158              |
| Term Deposits | 782,150          | 1,279,175            |
|               | <b>1,486,184</b> | <b>1,739,333</b>     |

### 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.

#### (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 June 30, 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:

**Azucar Minerals Ltd.**

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

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

|                                 | US dollar        | Mexican peso   |
|---------------------------------|------------------|----------------|
| All amounts in Canadian dollars |                  |                |
|                                 | \$               | \$             |
| Cash and cash equivalents       | 1,037,676        | 131,900        |
| <b>Total assets</b>             | <b>1,037,676</b> | <b>131,900</b> |
| Trade and other payables        | 361              | 2,684          |
| <b>Total liabilities</b>        | <b>361</b>       | <b>2,684</b>   |
| <b>Net assets</b>               | <b>1,037,315</b> | <b>129,216</b> |

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$105,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$13,000.

**(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 June 30, 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.

**(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.

## Azucar Minerals Ltd.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025

(Unaudited - Expressed in Canadian dollars)

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### 11. Financial Instruments *(Continued)*

#### (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:

|        | Property and<br>equipment | Exploration and<br>evaluation assets | June 30,<br>2025 |
|--------|---------------------------|--------------------------------------|------------------|
|        | \$                        | \$                                   | \$               |
| Mexico | 281                       | 1                                    | 282              |
| Canada | 3,774                     | -                                    | 3,774            |
|        | <b>4,055</b>              | <b>1</b>                             | <b>4,056</b>     |

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