STEPPE GOLD

Mongolia's Premier Precious Metals Company

Consolidated Financial Statements

For the years ended December 31, 2024, and 2023

(Expressed in US Dollars)

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March 31, 2025
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Steppe Gold Ltd.

Opinion

We have audited the consolidated financial statements of Steppe Gold Ltd. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of inventories and cost of sales

We refer to financial statement summary of material accounting policy information on inventories and related disclosure in Note 7.

At December 31, 2024, the value of inventory amounted to $62,761,000. Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgment. According to the financial statements' accounting principles inventories are measured at the lower of production cost and net realizable value based on estimated metal content, with net realizable value approximated as the prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell. The Company has specific procedures for identifying risk of obsolescence and measuring inventories at the lower of cost or net realizable value.

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To address the risk for material misstatement on inventories, our audit procedures included, amongst other procedures:

- Assessing the compliance of Company's accounting policies over inventory with applicable accounting standards.
- Assessing the inventory valuation processes and practices.
- Evaluating the analyses and calculations made by management with respect the remaining estimated costs to produce finished goods and evaluate the possibility of impairment.

We assessed the adequacy of the Company's disclosures related to inventories and cost of sales.

Valuation of investment in bonds

We refer to financial statement summary of material accounting policy information on investment in bonds and related disclosure in Notes 8 and 26.

At December 31, 2024, the value of the investment in bonds amounted to $97,050,000. Investment in bonds was considered as a key audit matter due to the size of the balance, the counter-party to the bonds and because the related valuation involves management judgment. The Company has specific procedures for assessing the valuation and collectability of the investment in bonds.

To address the risk for material misstatement on the investment in bonds, our audit procedures included, amongst other procedures:

- Reviewing outstanding bond agreements to verify terms and conditions relating to the bond issuances.
- Evaluation of management's expected credit loss analysis of the investment in bonds.
- Obtain external confirmation of the bond balance, terms and conditions at December 31. 2024.
- Assessing the ability and willingness to repay the investment in bonds by the bond holders.

We assessed the adequacy of the Company's disclosures related to the investment in bonds.

Reverse takeover transaction

We refer to financial statement summary of material accounting policy information on the reverse takeover and related disclosure in Note 3.

On August 1, 2024 the Company completed a share exchange transaction with Boroo Pte Ltd. to purchase all of Boroo Gold LLC's shares in exchange for the number of the Company's shares equal to approximately 55.9% of the fully diluted Company shares immediately prior to the closing date of the transaction. This transaction was considered as a key audit matter due to the nature of the transaction and the accounting impact of the transaction which involves significant management estimate and judgment.

To address the risk for material misstatement over the reverse takeover transaction, our audit procedures included, amongst other procedures:

- Reviewing the share purchase agreements to verify terms and conditions relating to the transaction.
- Examination of management's treatment of the transaction in accordance with IFRS 3 – Business Combinations.
- Assessment of the purchase price allocation reported for the transaction, which included assessment of the independently prepared valuation report, the input variables and assumptions utilized.
- Evaluation of the management's experts' competence, capabilities and objectivity in developing the valuation report.

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We assessed the adequacy of the Company's disclosures related to the reverse takeover transaction.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to 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 this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 report because the adverse consequences of doing so would be reasonably expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Justin Rousseau.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

STEPPE GOLD LTD.
Consolidated Statements of Financial Position
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2024	December 31, 2023 (Restated)
ASSETS			
Current assets			
Cash		47,132	14,903
Receivables and other assets	**4**	1,830	1,922
Receivables – ATC sales	**5**	4,037	-
Prepayments	**6**	2,986	2,959
Inventories	**7**	62,761	20,852
Investments in bond	**8,26**	97,050	-
Total current assets		**215,796**	**40,636**
Long-term assets			
Receivables – ATC sales	**5**	1,899	-
Exploration and evaluation assets		1,599	-
Property, plant and equipment	**3,9**	131,639	49,922
Long term investments	**10,26**	317	295
Deferred tax asset	**25**	894	-
Investments in bond	**8,26**	-	156,442
Total long-term assets		**136,348**	**206,659**
Total assets		**352,144**	**247,295**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and other liabilities	**11**	15,163	32,504
Streaming arrangement	**13**	4,443	-
Triple Flag Gold Prepay Loan	**15**	6,914	-
Short term loans	**15,26**	19,590	82,603
Current portion of lease liability		310	-
Current tax liability		17,973	11,358
Convertible debentures - derivative	**14**	380	-
Asset retirement obligation	**12**	-	132
Total current liabilities		**64,773**	**126,597**
Long-term liabilities			
Asset retirement obligation	**12**	16,970	12,002
Lease liability		307	-
Convertible debentures - loan liability	**14**	2,477	-
Long term loans	**16,26**	114,552	2,815
BORO Bond	**17**	43,000	-
Deferred tax liability	**25**	-	2,699
Total long-term liabilities		**177,306**	**17,515**
Total liabilities		**242,079**	**144,113**
Shareholders' equity			
Share capital	**3,18**	55,422	3,000
Accumulated other comprehensive loss		(1,571)	-
Retained Earnings		56,242	100,181
Total equity attributable to the owners of the Company		**110,093**	**103,181**
Non-controlling interest		(28)	-
Total shareholders' equity		**110,065**	**103,181**
Total liabilities and shareholders' equity		**352,144**	**247,295**

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

Approved on behalf of the Board:

(Signed) "Bataa Tumur-Ochir"______________, Director (Signed) "Batjargal Zamba"______________,Director

STEPPE GOLD LTD.
Consolidated Statements of Income and Comprehensive Income
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2024	December 31, 2023 (Restated)
Revenue	**19**	**178,133**	**132,055**
Cost of sales	**20**	(81,857)	(61,231)
Gross profit		**96,276**	**70,824**
Exploration and evaluation expenditures		(242)	(211)
Corporate administration	**21**	(9,222)	(2,545)
Operating profit		**86,812**	**68,068**
Finance (expenses)/income	**22**	(7,204)	4,706
Foreign exchange gain/(loss)		526	(519)
Net profit before tax		**80,134**	**72,255**
Income tax	**25**	(18,811)	(15,917)
Profit for the period		**61,323**	**56,338**
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment		(1,571)	-
Net profit and comprehensive income for the period		**59,752**	**56,338**
Net profit attributable to shareholders of the Company		61,351	56,338
Net loss attributable to non-controlling interest		(28)	
		61,323	**56,338**
Basic net earnings per share		0.324	0.392
Diluted net earnings per share		0.321	0.392
Weighted average number of common shares outstanding - basic	**24**	189,225,996	143,796,574
Weighted average number of common shares outstanding - diluted	**24**	191,064,232	143,796,574

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

STEPPE GOLD LTD.
Consolidated Statements of Cash Flows
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2024	December 31, 2023 (Restated)
Operating activities			
Net profit for the period before tax		**80,133**	**72,255**
Adjustments for non-cash items:			
Change in the fair value of CD derivative		(192)	-
Fair value of Triple Flag Gold Prepay loan		410	-
Fair value of TDB and Aranjin's shares	**10**	149	(5)
Reversal of Bond Impairment loss	**8**	(2,153)	-
Accretion and financing costs	**12**	4,518	-
Loss on inventory write off		1,232	-
Other income		(804)	-
Depreciation	**9**	17,501	18,232
UR FX exchange	**21**	(1,251)	938
Change in the fair value of stream liability	**13**	(1,254)	-
Change in the fair value of ATC consideration	**5**	(505)	-
Movements in ARO	**12**	(0)	-
Interest expense		11,481	-
Loss/(Gain) on disposal of property, plant and equipment		(5)	183
Deferred tax benefit	**25**	(3,782)	-
Bad debt		69	528
Penalty		-	-
Movements in provision for supplies		-	-
Bond interest income	**8**	(3,455)	(3,152)
Operating cash flows before changes in non-cash working capital items		**102,092**	**88,979**
Changes in working capital items:			
(Increase)/decrease in inventories		3,136	(4,364)
Receivables and other assets		18,784	131
Amounts payable and other liabilities		(28,287)	(2,762)
Asset Retirement Obligation		2,527	-
Cash (used) / generated from operations		**98,252**	**81,984**
Income tax paid		(16,423)	(9,952)
Net cash (used)/generated from operating activities		**81,829**	**72,032**
Investing activities			
Acquisition of plant and equipment	**9**	(11,616)	(10,299)
Deposits on property, plant and equipment	**9**	(2,549)	-
Steppe Gold cash at acquisition	**3**	2,103	-
Acquisition of investment		-	(2,800)
Proceeds from disposal of property, plant and equipment		76	280
Investment in securities	**10**	-	(290)
Net cash used in investing activities		**(11,986)**	**(13,109)**
Financing activities			
Proceeds from loan - Boroo Gold	**15,16**	25,924	-
Proceed from BORO Bond $43M	**17**	42,905	-
Cost of share issuance	**18**	(14)	-
Repayment of loan - Boroo Gold	**15,16**	(30,315)	(34,146)
Interest paid on loan	**15,16**	(12,329)	(11,866)

Interest paid on convertible debentures	**14**	(194)	-
Repayment of stream financing	**13**	(3,043)	-
Lease obligation payments		(48)	-
Asset revaluation reserve	**13**	-	-
Dividend declared	**23**	(60,500)	-
Net cash used in financing activities		**(37,614)**	**(46,012)**
Net increase/(decrease) in cash		**32,229**	**12,911**
Cash at the beginning of the period		14,903	1,992
Cash at the end of the period		**47,132**	**14,903**

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

STEPPE GOLD LTD.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and December 31, 2023
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)
(Unaudited)

	Notes	Number of shares	Share capital	Accumulated other comprehensive loss	Retained Earnings	Sub-total	Non-controlling interest Corundum	Total equity
			$	$	$	$	$	$
Balance as at December 31, 2022 (Restated)		3,000,000	**3,000**	**-**	**73,843**	**76,843**	**-**	**76,843**
Profit for the period		-	-	-	56,338	56,338	-	56,338
Dividend declared	**23**	-	-	-	(30,000)	(30,000)	-	(30,000)
Balance as at December 31, 2023 (Restated)		**3,000,000**	**3,000**	**-**	**100,181**	**103,181**	**-**	**103,181**
Balance as at December 31, 2023		**3,000,000**	**3,000**	**-**	**100,181**	**103,181**	**-**	**103,181**
Exchange of Boroo Gold shares	**18**	(3,000,000)	-	-	-	-	-	-
Consideration transferred	**18**	113,442,378	52,422	-	-	52,422	-	52,422
Share issuance to Boroo Singapore	**18**	143,796,574	-	-	-	-	-	-
Dilutive shares – convertible debenture	**18**	(4,411,765)	-	-	-	-	-	-
Dividends declared	**23**	-	-	-	(105,290)	(105,290)	-	(105,290)
Comprehensive income		-	-	(1,571)	61,351	59,780	(28)	59,752
Balance as at December 31, 2024		**252,827,187**	**55,422**	**(1,571)**	**56,242**	**110,093**	**(28)**	**110,065**

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

1. Nature of operations

Steppe Gold Ltd. (the "Company" or "Steppe Gold") was incorporated under the laws of the Ontario Business Corporations Act (Ontario) by Articles of Incorporation dated October 5, 2016. The Company is domiciled in Canada and its registered office is at 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6. The consolidated financial statements as at December 31, 2024, comprise the Company and its subsidiaries including Boroo Gold LLC ("Boroo Gold") (together referred to as the "Group").

Reverse Acquisition

On April 11, 2024, the Company entered into share exchange agreement with Centerra Netherlands BVBA ("Centerra") and Boroo Pte Ltd. ("Boroo Singapore") to purchase all of Boroo Gold's shares in exchange for the number of the Company's shares equal to approximately 55.9% of the fully diluted Company shares immediately prior to the closing date of the proposed transaction (the "Boroo Gold Transaction"). At the time, Boroo Gold, based in Mongolia, was 100% owned by Centerra, which in turn, was and continues to be, indirectly owned 100% by Boroo Singapore.

On August 1, 2024, the Company announced the successful completion of the Boroo Gold Transaction, where the Company acquired all of Boroo Gold shares in exchange for 143,796,574 common shares for the Company, representing 55.9% of the fully diluted Company shares immediately prior to the closing date, to Boroo Singapore.

Boroo Gold was incorporated as a Limited Liability Company in accordance with the Resolution No. A-98 issued by the founder dated on 5 May 1997, under the Laws of Mongolia. The Company was granted the State Registration Certificate No. 9019011029 (Registration No. 2094533) on 4 July 2006. The Company's principal business activities are exploration, extraction and processing of gold. Boroo Gold's registered office is at Level 7, Blue Sky Tower, Sukhbaatar District, 1st Khoroo, Enkhtaivan Street 17, Ulaanbaatar-14240, Mongolia.

Following completion of the Boroo Gold Transaction it was determined that Boroo Singapore controlled the Company and therefore Boroo Gold, as 100% indirect subsidiary of Boroo Singapore, would be considered for financial accounting purposes as the accounting acquirer and the Boroo Gold Transaction should be accounted for as a reverse acquisition as defined in IFRS 3 Business Combinations.

Under the reverse acquisition rules of IFRS 3 – Business Combinations ("IFRS 3"), the entity that issues its shares to effect the transaction is determined for accounting purposes to be the acquiree (also called the accounting acquiree or legal acquirer), while the entity whose shares are acquired is for accounting purposes the acquirer (also called the accounting acquirer or legal acquiree). The accounting acquiree generally continues in existence as the legal entity whose shares represent the outstanding common shares of the combined company and continues to issue its own financial statements. However, the financial reporting reflects the accounting acquirer's financial information, except for its equity, which is retroactively adjusted to reflect the equity of the accounting acquiree.

Group ownership

As a result of the Boroo Gold Transaction, Boroo Gold is 100% owned by Steppe Gold Ltd, whose parent company is now Boroo Singapore through its acquisition of 55.9% of the shares of Steppe Gold Ltd. Boroo Singapore is 70% owned by Eminent Stride Limited BVI and 10% owned by Mr. Dulguun Erdenebaatar, a director of the Group. Eminent Stride Limited BVI is 100% owned by TDB Capital Singapore Ltd. ("TDB Capital").

TDB Capital is a privately held investment holding company. The ultimate controlling party of the Group is Mr Tulga Erdenbileg, a citizen of Mongolia.

Asset Sale

Concurrently with the closing of the Boroo Gold Transaction, the Company sold its subsidiary, Aurifera Tres Cruces SA ("ATC"), to Boroo Singapore for CAD$11.7 million in cash, payable in four instalments. ATC owned the Tres Cruces Oxide Project, located in Peru, and was owned by 687211 British Columbia Ltd and T.C. Mining Inc which in turn were owned by Anacortes Mining Corp ("Anacortes") which the Company acquired on June 29, 2023.

Operations

The Group is now focused on operating, developing, exploring and acquiring precious metal projects in Mongolia. The Company's commercially producing mine is the Altan Tsagaan Ovoo Property (the "ATO Project" or "ATO"), located in Eastern Mongolia.

Boroo Gold's producing mines are Boroo and Ulaanbulag (together as the "Boroo Project") and the Boroo Project is located in Mandal and Bayangol soums of Selenge aimag and Bornuur and Jargalant soums of Tuv aimag, Mongolia.

Geo-political factors impacting operations

Mongolia is land-locked between China and Russia and on February 24, 2022, Russia invaded Ukraine. The war between the two countries continues to evolve as military activity proceeds and sanctions on Russia remain in place. The war has affected economic and global financial markets and exacerbated ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

Mongolia, and thus the Group, is currently largely reliant on Russia for its fuel and while there have been minor disruptions in supply, the Government of Mongolia has signed a deal with Russia to cap imported fuel prices.

Management of the Company closely monitors the events in Ukraine, however the degree to which it may be affected by them are largely out of management's control and depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

Management actively monitors developments in the geopolitical landscape to minimise any exposure that may negatively impact operations.

Customer concentration

The Group's precious metals production is ultimately sold to the Bank of Mongolia at market rates through an intermediary Mongolian bank, generally the Trade Development Bank of Mongolia ("TDB"), a related party. Settlement is normally received within one day.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). They comprise

(a) International Financial Reporting Standards;
(b) International Accounting Standards;
(c) IFRIC Interpretations; and
(d) SIC Interpretations.

IFRS Accounting Standards were previously known as International Financial Reporting Standards, IFRS, IFRSs and IFRS Standards.

The consolidated financial statements should be read in conjunction with the consolidated annual financial statements of the Company as at and for the year ended December 31, 2023, and Boroo Gold's annual financial statements as at and for the year ended December 31, 2023, presented in the Management Information Circular on May 13, 2024, on SEDAR+ at www.sedarplus.ca. The consolidated financial statements include the financial and operating performance of Boroo Gold for the years ended December 31, 2024, and December 31, 2023, and the period from January 1, 2024, through August 1, 2024, and the Group's financial and operating performance from August 1, 2024, through December 31, 2024. The accounting policies of Boroo Gold and the Company have been brought into alignment in these consolidated financial statements.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 31, 2025.

These consolidated financial statements have been prepared in US dollars ("USD"), which is the Group's presentation currency.

As of December 31, 2024, the functional currency was determined to be USD for its Mongolian wholly-owned subsidiaries, and to be the Canadian dollar ("CAD") for Steppe Gold Ltd., Steppe BVI and all Canadian subsidiaries.

Going Concern

The directors have at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The directors are of the opinion that the current production and resource outlook supports the position that the Group will maintain its liquidity through 2025 and currently has sufficient financing arrangements in place to support ongoing operations and further expansion.

2. Material accounting policies

Adoption of new and revised Standards

The accounting policies applied by the Group in these consolidated financial statements are consistent with those applied by the Group in its consolidated annual financial report as at and for the year ended December 31, 2023, with the exception of Boroo Gold's polices on the measurement of property, plant and equipment, exploration and evaluation assets and functional currency. These policies were not consistent with that of the Company and have been brought into alignment with the Company's policies in this financial report.

While there have been no new IFRS Accounting Standards that have come into force as of January 1, 2024, the Group has adopted all the following Amendments and Interpretations issued by the IASB that are relevant to its operations and effective for accounting periods that begin on or after January 1, 2024:

Amendments

IAS 1 *Classification of Liabilities as Current or Non-Current*
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

IAS 1 *Non-current Liabilities with Covenants*
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

IFRS 16 *Lease Liability in a Sale and Leaseback*
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

IAS 7 and IFRS 7 *Supplier Finance Arrangements*
The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

IFRS Sustainability Disclosure Standards

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	financial reports in making decisions relating to providing resources to the entity.
IFRS S2 Climate-related Disclosures	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Both 'S' Standards are effective from January 1, 2024, but certain transitional reliefs are available.

On March 14, 2024, the Canadian Sustainability Standards Board (CSSB) published its proposals for the first Canadian Sustainability Disclosure Standards (CSDSs) based on IFRS S1 and IFRS S2. The proposed standards would become voluntarily effective for annual reporting periods beginning on or after January 1, 2025, while the proposed transition relief for disclosures beyond climate-related risks and opportunities has been extended from one year to two years.

The Mongolian Ministry of Finance, which has the responsibility for the adoption of IFRS Accounting Standards and IFRS Sustainability Standards in Mongolia, is currently conducting discussions with the business community with a view to implementing IFRS S1 and S2 in the most efficient and appropriate timescale.

The Company already has a sustainability reporting process in place however, the International Sustainability Standards Board ('ISSB') has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. Accordingly, the directors are building capacity across the Company to perform a gap analysis, consider data reliability and environmental, social and governance risks and opportunities as well as appropriate targets, metrics, and disclosure format.

New and revised IFRS Accounting Standards in issue but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 is a new IFRS Accounting Standard aimed at improving how companies communicate in their financial statements. IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. IFRS 18 means companies will: - In the statement of profit or loss—report two new defined subtotals including operating profit, based on a new set of requirements for classifying income and expenses in categories; - In the notes—disclose information about some performance measures defined by management, which IFRS 18 identify as 'management-defined performance measures' (MPMs); and - In both the primary financial statements and the notes—group items applying enhanced requirements for aggregation and disaggregation of information. IFRS 18 also introduces limited changes to the statement of cash flows. All companies that prepare financial statements that comply with IFRS Accounting Standards are required to apply IFRS 18 retrospectively from 1 January 2027, with specific transition provisions. Earlier application is permitted. The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial

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	statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.
Amendments	
IAS 21	Lack of Exchangeability – The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not - applicable for annual reporting periods beginning on or after January 1, 2025.
IFRS 9 and IFRS 7	Classification and measurement of financial instruments - applicable for annual reporting periods beginning on or after January 1, 2026.
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – January 1, 2025/TBD
SASB standards	Amendments to the SASB standards to enhance their international applicability - applicable for annual reporting periods beginning on or after January 1, 2025
Annual Improvements to IFRS Accounting Standards Volume 11	The pronouncement comprises the following amendments: - IFRS 1: Hedge accounting by a first-time adopter - IFRS 7: Gain or loss on derecognition - IFRS 7: Disclosure of deferred difference between fair value and transaction price - IFRS 7: Introduction and credit risk disclosures - IFRS 9: Lessee derecognition of lease liabilities - IFRS 9: Transaction price - IFRS 10: Determination of a 'de facto agent' - IAS 7: Cost method These amendments are applicable for annual reporting periods beginning on or after 1 January 2026

Reverse acquisition

A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes after considering relevant factors such as:

- the relative voting rights in the combined entity after the business combination
- the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest
- the composition of the governing body of the combined entity
- the composition of the senior management of the combined entity; and
- the terms of the exchange of equity interests.

The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes (accounting acquirer) for the transaction to be considered a reverse acquisition.

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

- the assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- the assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with IFRS 3.
- the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree). However, the equity structure (ie the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition.
- the non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

If some of the owners of the legal acquiree (the accounting acquirer) do not exchange their equity interests for equity interests of the legal parent (the accounting acquiree). Those owners are treated as a non-controlling interest in the consolidated financial statements after the reverse acquisition. That is because the owners of the legal acquiree that do not exchange their equity interests for equity interests of the legal acquirer have an interest in only the results and net assets of the legal acquiree—not in the results and net assets of the combined entity. Conversely, even though the legal acquirer is the acquiree for accounting purposes, the owners of the legal acquirer have an interest in the results and net assets of the combined entity.

The assets and liabilities of the legal acquiree are measured and recognised in the consolidated financial statements at their pre-combination carrying amounts. Therefore, in a reverse acquisition the non-controlling interest reflects the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal acquiree's net assets even if the non-controlling interests in other acquisitions are measured at their fair value at the acquisition date.

The equity structure in the consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

In calculating the weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) during the period in which the reverse acquisition occurs:

- the number of ordinary shares outstanding from the beginning of that period to the acquisition date shall be computed on the basis of the weighted average number of ordinary shares of the legal acquiree (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the merger agreement; and
- the number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of the legal acquirer (the accounting acquiree) outstanding during that period.

The basic earnings per share for each comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition is calculated by dividing:

- the profit or loss of the legal acquiree attributable to ordinary shareholders in each of those periods by
- the legal acquiree's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

Basis of consolidation

Following completion of the Boroo Gold Transaction (see note 1) it was determined that Boroo Singapore controlled the Company and therefore Boroo Gold would be considered as the accounting acquirer and the Boroo Gold Transaction should be accounted for as a reverse acquisition as defined in IFRS 3, with Boroo Gold deemed to be the accounting acquirer (parent company) and Steppe Gold the accounting acquiree.

The consolidated financial statements incorporate the financial statements of the parent company and entities in the Group.

Control is achieved when the Group:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. the Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Group, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

These consolidated financial statements incorporate the financial statements of Steppe Gold Ltd. (legal parent, accounting acquiree) and its subsidiaries from August 1, 2024 through December 31, 2024 and of Boroo Gold (legal subsidiary, accounting acquirer) as at year ended December 31, 2024 as set out below:

Company Name	Country of Incorporation	Nature of Operations	Ownership Interest December 31, 2024
Steppe Gold LLC	Mongolia	Mining	100%
Boroo Gold LLC	Mongolia	Mining	100%
Steppe Investments Limited	British Virgin Islands	Investment	100%
Steppe West LLC	Mongolia	Holding Company	100%
Corundum Geo LLC	Mongolia	Mining	80%
Anacortes Mining Corp.	Canada	Holding Company	100%
New Oroperu Resources Inc.	Canada	Holding Company	100%
S.A. Mining Ventures Limited	Canada	Holding Company	100%
T.C. Mining Inc.	Canada	Holding Company	100%
687211 British Columbia Ltd.	Canada	Holding Company	100%
1385575 B.C. Ltd.	Canada	Inactive	100%
1385576 B.C. Ltd.	Canada	Inactive	100%

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquiror's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is generated from the sale of gold and silver. The Group produces dore bars which contain gold and silver. The dore bars are analysed by the Mongolian Agency for Standardization and Metrology ("MASM") which determines the gold and silver content to be sold to the customer, usually a commercial bank in Mongolia for immediate onward sale to the Bank of Mongolia. The Group uses TDB as its commercial bank in the sales transaction. Revenue is determined by the price of gold of each sale and varies depending on the current rate of gold at that time.

The performance obligation for revenue is recognized when control over the metal is transferred to the customer. Transfer of control is achieved when the gold or silver bars are delivered to the customer's gold vault.

Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has not entered into any lease agreements as a lessor.

Foreign currencies

Functional and presentation currency

These consolidated financial statements have been prepared in US dollars ("USD"), which is the Group's presentation currency. As of December 31, 2024, Group management determined that the functional currency was the USD for its Mongolian wholly owned subsidiaries, and to be the Canadian dollar ("CAD") for Anacortes Mining Corp., Steppe Gold Ltd. and Steppe BVI. Previously, Steppe Gold LLC and its Mongolian subsidiaries determined their functional currency to be the Mongolian tugrik. In accordance with IAS 21 The Effects of Changes in Foreign Currency, Steppe Gold has applied the translation procedures applicable to the new functional currency prospectively from the date of the change. Accordingly, all items have been translated into the new functional currency using the exchange rate at the date of the change as of August 1, 2024, the reverse takeover transaction date. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously recognised in other comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into to hedge certain foreign currency risks (currently, the Group does not enter into hedge transactions);
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.
For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income/ (costs)" note 21.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset only when a company has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognizes by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognizes in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income – Other' line item in profit or loss.

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizes the gains and losses on them on different bases.

  The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "finance income/(costs)" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the "finance income/ (costs)" line item
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognized in profit or loss in the 'finance income/ (costs)' line item. As the foreign currency element recognizes in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the investments revaluation reserve
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognizes in profit or loss in the "finance income/(costs)" line item as part of the fair value gain or loss

For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Bank of Mongolia buys all the Group's gold and silver production and payment is received within one business day.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.
In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default.
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor

Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group)Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.
If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial instruments

Below is a summary showing the classification and measurement bases of financial instruments:

Classification	**IFRS 9**
Cash	FVTPL
Receivables and other assets	Amortized cost
Receivables for ATC sales	FVTPL
Investment in Bond	Amortized cost
Long term investments	FVTPL
Amounts payable and other liabilities	Amortized cost
Convertible debentures – loan liability	Amortized cost
Convertible debentures – derivative	FVTPL
Streaming arrangement	FVTPL
Lease liability	Amortized cost
Short term loan	Amortized cost
Gold Prepay loan – Triple Flag	FVTPL
Long term loan	Amortized cost

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of the convertible debentures issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible debenture, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible debentures using the effective interest method.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is:

(i) contingent consideration of an acquirer in a business combination,
(ii) held for trading or
(iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. (Currently, the Group does not enter into hedging transactions.)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis

- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "finance income/(costs)" in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 25 Fair value measurements.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not

(i) contingent consideration of an acquirer in a business combination,
(ii) held-for trading, or
(iii) designated as at FVTPL,

are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income/(costs)' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value will be recognised as a financial asset whereas a derivative with a negative fair value will be recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company has designated its streaming arrangement as a derivative financial instrument (see Note 13 Streaming arrangement).

Fair value for derivative instruments is determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The Group makes use of external valuation consultants in determining the fair value of its derivative financial instruments.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Derecognition

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventory

Inventories include ore stockpiles, gold in circuit, finished goods (doré bars including gold and silver) and supplies inventory. For the Company ore stockpiles, heap leach ore or finished goods inventory are measured by external consultants. Inventory is valued at the lower of production costs or net realizable value based on estimated metal content.

Boroo Gold plans to engage external valuation consultants to assess the ore stockpile balance, aligning its approach with that of Steppe Gold. Any changes to amounts or values will be accounted for as measurement period adjustments in accordance with IFRS 3.

The Group allocates direct and indirect production costs to gold on a systematic and rational basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

Gold in circuit inventory represents ore on the surface that has been extracted from the mine and is available for further processing and is measured by external consultants or internal mine surveyors. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, ore grade and estimated recoveries of ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost.

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the Mongolian Agency for Standardization and Metrology ("MASM") and gold inventory extracted from silver bars. Management has concluded that silver inventory is the by product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by product.

Materials and supplies inventories are valued at the lower of cost and net realizable value. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Property, plant and equipment

Property, plant and equipment include property and equipment, Altan Tsagaan Ovoo, Boroo and Ulaanbulag property, equipment under construction and right of use assets.

Mining properties:

a) Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a sub-category of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'.

IAS 16 Property, Plant and Equipment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Accordingly, the sale of ore extracted during the development phase, together with related costs, are recognised in profit and loss and other comprehensive income. Any costs incurred in testing the assets to determine if they are functioning as intended are capitalized. After production starts, all assets included in 'Mines under construction' are then transferred to Property, Plant and Equipment sub-category of 'Mine properties'.

b) Mine properties and property, plant and equipment

(i) Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" under "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

(ii) Depreciation/amortisation

Accumulated mine development costs are depreciated/amortised on a Unit of Production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. The unit of account for run-of-mine (ROM) costs is tonnes of ore, whereas the unit of account for post-ROM costs is recoverable ounces of gold. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Costs capitalized for plant and equipment include borrowing costs incurred that are attributable to qualifying plant and equipment. The carrying amounts of plant and equipment are depreciated using either the straight-line or unit-of production method over the shorter of the estimated useful life of the asset or the life of mine.

The significant classes of depreciable plant and equipment and their estimated useful lives are as follows:

Crusher and its components	units of production
Heap leach	units of production
Other mining equipment	14 years
Light vehicles	10 years
Computer equipment	2 years
Furniture and fixtures	10 years

Property, plant and equipment include the Heap Leach which is depreciated using units of production basis when it is ready to use and completed.

Property, plant and equipment are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives.

Furniture and fixtures unrelated to production are depreciated using the straight-line method based on estimated useful lives and expensed to the consolidated statement of profit or loss and comprehensive income.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Management reviews the estimated useful lives, residual values and depreciation and depletion methods of the Company's plant and equipment at the end of each reporting period, and when events and circumstances indicate that such a review should be made. On February 21, 2023, the Company announced the results of the updated Feasibility

Study and management concluded that the effective date of changes in estimates is September 1, 2022. As a result, amortization of assets depreciated based on the life of mine were recalculated by using the new estimated life of mine of 14 years. Boroo Gold completed an amended technical report compliant with the National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) on June 16, 2024, related to mineral reserve estimates of the Boroo and Ulaanbulag projects. The effective date of changes in estimate is February 1, 2024.

Changes to estimated useful lives, residual values or depreciation methods resulting from the review are accounted for prospectively.

Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management. Factors used to determine when a mine/component has commenced production are set out in the *Commercial production'* section of this note.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable
b) The component of the ore body for which access will be improved can be accurately identified
c) The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to:

- the type of commodity,
- the geological characteristics of the ore body,
- the geographical location, and/or
- financial considerations.

Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.
The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Exploration and evaluation and pre-development expenditure

(a) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(b) Exploration and evaluation (E&E) expenditure

E&E activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. E&E activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies.

The Group applies the area of interest method when accounting for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised.

These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a Canadian NI 43-101 Standards of Disclosure for Mineral Projects ('NI 43-101')) compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a NI 43-101-complian resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

Upon the establishment of a NI 43-101-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets. Capitalised E&E expenditure is considered to be a tangible asset.

Impairment of E&E Assets

The Group carries out a detailed impairment test in two circumstances:

- when the technical feasibility and commercial viability of extracting a mineral resource become demonstrable, at which point the asset falls outside the scope of IFRS 6 and is reclassified in the financial statements; and
- when facts and circumstances suggest that the asset's carrying amount may exceed its recoverable amount.

  Examples of "facts and circumstances" that may indicate that impairment testing is required include, but not limited to:

  - the period for which the Group has 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 discovery of commercially viable quantities of mineral resources, and the Group has decided to discontinue such activities in the specific area; and
  - sufficient data exist 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs not directly attributable to a qualifying asset are expensed in the consolidated statements of loss and comprehensive loss in the period in which they are incurred.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where funds are part of a general pool, the eligible amount is determined by applying a capitalization rate to the expenditure on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

Investment income earned on the temporary investment of specific borrowings pending the expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalization commences when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Related party transactions

A related party is defined as a person or entity that is related to the entity that is preparing its financial statements (the "reporting entity"), a close member of that person's family is related to a reporting entity if that person meets the requirements of IAS 24 Related Parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Profit (Loss) per share

The Company presents basic and diluted profit or loss per share data for its common shares, calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options and restricted share units outstanding that may add to the total number of common shares.

Dividend

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the board of directors. In the case of final dividends, this is when approved by the shareholders at the Annual and/or Extraordinary General Meeting.

Key sources of estimation uncertainty

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Group engages outside consultants who are appropriately qualified to estimate its ore reserves and mineral resources based on information relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body

Depreciation and depletion

Mining interests are depleted using the unit-of-production method over a period not to exceed the estimated life of the ore body based on estimated recoverable reserves. Certain property, plant and equipment are depreciated using the unit-of-production method.

The calculation of the units of production rate, and therefore the annual depletion and depreciation expense, could be materially affected by changes in the underlying estimates.

Changes in estimates can be the result of actual future production differing from current forecasts of future production and expansion of mineral reserves through exploration activities. Significant judgment is involved in the determination of useful life and residual values for the computation of depletion and depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of mining interests

The Group's management reviews the carrying values of its mining interests on transfer from an exploration and evaluation property to a development property and on a regular basis to determine whether any write-downs are necessary.

Property, plant and equipment is reviewed at each reporting period to determine whether any write-downs are necessary.

The recovery of amounts recorded for mining interests and property, plant and equipment under construction depends on the Group's interpretation of its interest in the underlying mineral claims based on existing regulations, the ability of the Group to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on the life-of-mine plans in its assessments of economic recoverability and probability of future economic benefit.

Life-of-mine plans provide an economic model to support the economic extraction of reserves and resources. A long-term life-of-mine plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body. The life-of-mine plan requires the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, mineral reserves, and operating performance (which includes production and sales volume).

Asset retirement obligation

The Group engages outside certified engineers and experts to assist in the assessment of its provision for environmental rehabilitation, decommissioning of plant or other site restoration work at each reporting period or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Group has made, and intends to make in the future, expenditures to comply with such laws and regulations.

Accounting for environmental rehabilitation, decommissioning of plant or other site restoration work requires management to make estimates of the future costs the Group will incur to complete the work required to comply with existing laws and regulations at each mining operation. Also, future changes to environmental laws and regulations could increase the extent of rehabilitation work required to be performed by the Group. Increases in future costs could materially impact the amounts charged to operations for environmental rehabilitation, decommissioning of plant or other site restoration work.

The provision represents management's best estimate of the present value of the future provision for environmental rehabilitation. The actual future expenditures may differ from the amounts currently provided.

The Group engages external valuation consultants to determine current disturbance costs and value the rehabilitation and decommissioning cost. Any changes to amounts or values will be accounted for as measurement period adjustments in accordance with IFRS 3.

Convertible debentures

The convertible debentures are a compound instrument if there is a contractual obligation to pay interest and could be required to repay the principal amount where the investor chooses not to convert the debentures and the instrument has a similar characteristics to equity. Each component of the compound financial instrument is assessed separately.

The host debt component is classified as a financial liability in its entirety and calculated by discounting the future cash flows of the debentures at the rate of similar debt.

Conversion feature of the debentures meets the definition of a derivative liability if the conversion feature is denominated in a currency other than the specific company's functional currency, and as such does not meet the fixed for fixed criteria. The derivative liability is revalued at each reporting period using the valuation model which utilizes management estimates for inputs as at the closing date of the reporting period. Any changes to the fair value measurement are recorded through the consolidated statements of profit and loss and comprehensive income.

Deferred taxes

The Group operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating the income taxes, the Group considers factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future results. The Group estimates deferred income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws.

The tax effects of these temporary differences are recorded as deferred tax assets or liabilities in the financial statements. The Group does not recognize deferred tax assets where management does not expect such assets to be realized based upon current forecasts.

If that actual results differ from these estimates, adjustments are made in subsequent periods.

Taxation provisions

The group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the relevant Tax Authority. Uncertain tax items for which a provision made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range is from additional liabilities to a reduction in liabilities.

Valuation of stream liability

Fair value of the stream liability is determined using a discounted cash flow methodology which uses production estimates and the expected forward price of gold and silver with reference to the Commodity Exchange (COMEX) forward contract price. Group management engage with independent valuation consultants to assist in the valuation of the stream liability.

Valuation of inventory

In determining mine production costs recognized in the consolidated income statement, the Group management along with independent measurement consultants make estimates of quantities of ore stacked in stockpiles, placed on the heap leach pad and in process and the recoverable gold and silver in this material to determine the average costs of finished goods sold during the period. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

Critical judgments in applying accounting policies

Going concern

The assessment of the Group's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Functional currency

The functional currency for the parent entity and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to identify the primary economic environment, and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and Evaluation (E&E) expenditure

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.
The determination of a NI 43-101 compliant resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Stripping Costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.
Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.
Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment which impacts when the Group recognizes revenue, operating costs and depreciation and depletion. In making this determination, management considers specific facts and circumstances.
These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term. The determination of the incremental borrowing rate utilized on commencement of the lease to the present value of the contractual payments requires significant judgment in its determination.

Segment reporting

Steppe Gold LLC and Boroo Gold LLC operate in the same geographical region and are engaged in similar business activities, which results in them sharing common economic characteristics, such as market conditions, customers, and regulatory environments. Given these similarities and the fact that the companies operate in a single geographical location, management believes that segment reporting is not required. The companies do not meet the criteria for separate reporting segments as defined by IFRS 8, as their operations do not differ significantly in terms of revenue sources, risks, or returns. Consequently, the financial results of the companies are presented on a consolidated basis, and no separate segment disclosures are provided.

3. Reverse acquisition of Steppe Gold

On August 1, 2024, the Company announced the successful completion of the Boroo Gold Transaction (Note 1), where the Company acquired all of Boroo Gold shares in exchange for 143,796,574 common shares of the Company, representing the 55.9% of the fully diluted Company shares immediately prior to the closing date, to Boroo Singapore.

Following completion of the Boroo Gold Transaction, it was determined that Boroo Singapore controlled the Company and therefore Boroo Gold, as 100% indirect subsidiary of Boroo Singapore, would be considered for financial accounting purposes as the accounting acquirer and the Boroo Gold Transaction should be accounted for as a reverse acquisition as defined in IFRS.

Under the reverse acquisition rules the entity that issues its shares to effect the transaction (Steppe Gold) is determined for accounting purposes to be the acquiree (also called the accounting acquiree or legal acquirer), while the entity whose shares are acquired (Boroo Gold) is for accounting purposes the acquirer (also called the accounting acquirer or legal acquiree). The accounting acquiree generally continues in existence as the legal entity whose shares represent the outstanding common shares of the combined company and continues to issue its own financial statements. However, the financial reporting reflects the accounting acquirer's financial information, except for its equity, which is retroactively adjusted to reflect the equity of the accounting acquiree.

The assets and liabilities of the legal parent (the accounting acquiree) have been recognised and measured in accordance with IFRS 3 at fair market value by an independent valuation consultant. The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

Purchase Consideration	**Fair Value**
Share consideration (i)	**52,436**

Allocation of Purchase Consideration

Net Assets excluding Mining Assets	
Cash	2,103
Receivables and other assets	2,218
Inventories	45,045
Exploration and evaluation asset	1,599
Receivables for ATC sales (Current Portion)	5,881
Property, plant and equipment	74,083
Long term investments	170
Receivables for ATC sales (Long term Portion)	1,777
Accounts payable and other liabilities	(11,093)
Streaming arrangement liability (Current Portion)	(5,741)

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Lease liabilities (Current Portion)	(289)
Current tax liability	(1,405)
Convertible debentures – derivative	(573)
Gold Prepay loan – Triple Flag	(6,505)
Short term loan	(2,888)
Streaming arrangement liability (Long term Portion)	(2,999)
Assets retirement obligation	(2,923)
Lease liabilities (Long term Portion)	(409)
Convertible debentures – loan liability	(2,400)
Deferred tax liability	(190)
Long term loan	(49,577)
Total net assets	**45,884**
Mining Assets (ATO and UK Projects) (ii)	**6,552**

(i) Valuation of Steppe Gold consideration

Total number of Steppe common shares issued to Boroo Gold	143,796,574
Total number of Steppe fully diluted shares as at Acquisition date	113,442,378
Total number of fully diluted shares in the new combined entity	**257,238,952**
Steppe's ownership in the new combined entity	44.1%
The number of shares owned by Steppe of the new combined entity	**113,442,378**
Close share price of Steppe as at August 1, 2024 ($CAD)	0.64
Foreign exchange rate ($USD/$CAD)	0.7222
Close share price of Steppe as at August 1, 2024 ($USD)	0.46
Share Consideration	**52,436**

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer.

Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

Under the terms of Boroo Gold Transaction agreement, Boroo Singapore shareholders received 143,796,574 of a common share of the Company representing 55.9% of the fully diluted Company shares immediately prior to the closing date. The fair value of the 113,442,378 diluted shares of the Company prior to the closing date determined as $52,436 on the basis of the Company's quoted share price of CAD$0.64 as of August 1, 2024.

(ii) Mining Assets (ATO and UK Projects)

Mining assets of $6,552 have been recorded in the Mineral Property (Note 9) as Steppe Gold assets at acquisition. They are depreciated based on the mined ore using the unit of production method.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

4. Receivables and other assets

	December 31, 2024 $	December 31, 2023 $
Receivables from related party	48,333	48,042
Provision for impairment of related party receivables	(48,197)	(48,042)
Tax receivable	195	-
Deposit	297	-
Other receivables	1,202	1,922
Total receivables and other assets	**1,830**	**1,922**

Receivables from related parties consist of receivables from Centerra Gold Mongolia LLC. These receivables do not bear interest. The Company does not hold any collateral as security.

The carrying value of trade and other receivables classified at amortized cost approximates fair value.

The Company recognized an impairment loss on its receivable from a related party, Centerra Gold Mongolia LLC ("CGM"), because they concluded there was a significant increase in credit risk due to a change in circumstances, noted below.

In January 2015, the Mongolian Parliament classified the Gatsuurt deposit, for which mineral licenses had been awarded to CGM, as a Strategically Significant Mineral Deposit. This allowed the Gatsuurt project to proceed despite the Mongolian Water and Forest Law banning such mineral activities in water basins and forest areas, such as the project site. A property designated as a Strategically Significant Mineral Deposit allows the Mongolian Government to acquire up to a 34% stake in such a deposit.

In October 2015, the Mongolian Government and CGM agreed and signed a Memorandum of Understanding for a 3% special royalty in place of the state's 34% ownership interest in Gatsuurt project (such royalty should be paid in addition to the existing statutory royalty rate). In February 2016, the Mongolian Parliament passed a resolution setting the state interest in the Gatsuurt project at 34% and authorized the Government to complete negotiations with CGM on the terms of such interest. The State may opt for a 3% special royalty from Gatsuurt's sales instead of legal ownership.

The Ministry of Mining and Heavy Industry of Mongolia issued a resolution No.A/70 in April 09, 2019 to form a further Working Group responsible to reach agreement on calculations of the economic benefits from the Gatsuurt Project, and to define mutually beneficial conditions for concluding the Deposit Development Agreement and the Investment Agreement with CGM.

On March 15, 2019, the Administrative Court of Appeal reviewed the case and made a decision to revoke CGM's mineral licenses, which was upheld by the Supreme Court's decision on December 9, 2019. Although CGM filed a complaint with the Chief Judge of the Supreme Court under the Administrative Procedure Law, on March 23, 2020, the Chief Justice refused to accept the complaint.

Boroo Singapore is preparing to go to the arbitration court in accordance with the international agreement on the protection of investments and has entered into a contract with an internationally renowned law firm. In the case of international arbitration, CGM may claim actual investment costs and damages incurred in the past in connection with the Gatsuurt Project.

5. ATC sale

Effective June 28, 2023, the Company acquired all of the issued and outstanding common shares of Anacortes Mining Corp. ("Anacortes"), which owned a 100% interest in the Tres Cruces gold Project (the "Tres Cruces Project") located in Peru through its wholly owned subsidiary, Aurifera Tres Cruces S.A. ("ATC").

On April 11, 2024, the Company announced that it had entered into the share purchase agreements, which were later amended and restated on July 30, 2024, pursuant to which the Company sold the Tres Cruces Project owned by its subsidiary, ATC, to Boroo Singapore, the immediate holding company, for CAD$11.7 million in cash, which was higher than the carrying value of the net assets of ATC, payable over 18 months beginning as of the Closing Date (August 1,

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2024) as noted below. As of September 17, 2024, the Company received a total of $2,008 in cash. The Company recognised a gain of $3,541 on the ATC sale during the year ended December 31, 2024.

The remaining balance is set out below:

Payment Date	Face Amount	Discounted period	Discount rate	Discounting factor	Discounted payments
	$	(Years)			$
30-Jul-24	1,960	-	-	1	1,960
31-Jan-25	2,167	(0.51)	14.27%	0.93	2,025
31-Jul-25	2,167	(1.00)	14.22%	0.88	1,896
31-Jan-26	2,167	(1.51)	14.05%	0.82	1,777
Total receivable for ATC sales					**7,658**
Proceeds from ATC sales					(1,996)
Receivable for ATC sales as at December 31, 2024					**5,662**
Fair value adjustment					505
Foreign exchange difference					(231)
Receivable for ATC sales as at December 31, 2024					**5,936**
Current receivable for ATC sales					4,037
Long-term receivable for ATC sales					1,899

Pursuant to the Share Purchase Agreements, the sale of the Tres Cruces Project was carried out through the acquisition by Boroo Singapore of Anacortes' wholly owned subsidiaries, T.C. Mining Inc. and 687211 British Columbia Ltd., which collectively owned 100% of the issued and outstanding shares of ATC, with the Company retaining ownership of Anacortes and its remaining subsidiaries.

Subsequent to the reporting period, on February 11, 2025, the Company received a further $3,032 from the ATC sales receivable amount and the proceeds have been used as settlement of 1,000 ounces of gold in partial repayment of the Triple Flag Gold Prepay Loan (Note 15).

6. Prepayments

	December 31, 2024	December 31, 2023
	$	$
Prepayments to suppliers	2,853	2,949
Prepaid insurance	96	10
Other prepayments	37	-
Total prepayments	**2,986**	**2,959**

7. Inventories

	December 31, 2024	December 31, 2023
	$	$
Stockpiles of ore	21,813	6,905
Gold in circuit	32,502	3,434
Finished goods	51	-
Consumables and supplies	8,395	10,513
Total inventories	**62,761**	**20,852**

The Group's inventory as at December 31, 2024 amounted to $62,761 and as at December 31, 2023 amounted to $20,852. Increase in inventory is mainly due to the fair value of Steppe Gold's inventories at the acquisition date of $45,045. Inventories include warehouse consumables, ore stockpiles, gold in circuit and finished gold included in finished goods.

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Stockpiles of ore included 33,433 ounces valued at $21,813 at December 31, 2024, compared to 27,247 ounces valued at $6,905 as at year ended December 31, 2023. Gold in circuit included 23,106 ounces valued at $32,502 as at December 31, 2024, compared to 6,715 ounces valued at $3,434 at the year ended December 31, 2023.

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the MASM and gold inventory extracted from silver bars. The Company considers that silver inventory is a by-product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by-product.

8. Investments in bond

The table below represents the continuity of investments in bond:

	December 31, 2024	December 31, 2023
Balance at beginning of period	**156,442**	**142,079**
Additions	-	2,800
Accrued interest income	3,455	13,716
Offset - dividends	(65,000)	-
Total	**94,897**	**158,595**
Credit Loss Allowance	-	(2,153)
Reversal of Credit Loss allowance	2,153	-
Total investments in bond	**97,050**	**156,442**
Current portion	**97,050**	**-**
Long term portion	**-**	**156,442**

Boroo Gold currently holds 4 bonds which were issued by Boroo Singapore, its indirect parent company. The realisation of these bonds, which are due for redemption on December 31, 2025, is reliant on the operations of Boroo Singapore and Minera Boroo Misquichilca SA ("MBM") a gold mining company operations located in Peru, which is a100% owned subsidiary of Boroo Singapore.

IFRS 9 – Financial Instruments requires a company to reassess impairment of financial instruments based on expected credit loss model and adjust the impairment allowances where necessary. As at December 31, 2024, the Company concluded to reverse the previous year expected credit loss of $2,153 as a result of assessment made on financial performance of Boroo Singapore and MBM.

An assessment has been performed as at December 31, 2024 and there are no material factors that require and adjustment to the bonds as they have been assessed as recoverable.

On October 31, 2019, Boroo Gold subscribed for $40,000 in 40,000 bonds with $1 par value of Boroo Singapore. The investment had a maturity date at October 31, 2024 with 8% interest rate per annum and principal and interest payable on maturity date. On December 21, 2023, the term of this bond was amended, and its maturity date extended to December 31, 2025 with all other terms unchanged. During the years 2020 and 2021, Boroo Singapore paid off $23,250 from the principal amount. There was an outstanding investment of $1,000 as at December 31, 2024 after offsetting $15,750 of dividend payable to Centerra. Accumulated interest receivable related to this bond was $7,803, and the interest income of $96 was accounted under Interest income in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2024 (December 31, 2023 - $1,340).

On March 3, 2021, Boroo Gold subscribed for $100,000 in 10,000 bonds with $10 par value of Boroo Singapore. The investment had a maturity date of June 1, 2024, with 12.5% interest rate per annum and principal and interest payable on semi-annually in arrears. On September 1, 2021, the maturity date of the bond was amended to June 1, 2024. On December 21, 2023, there was a second amendment to the term to extend its maturity date to December 31, 2025. As at December 31, 2024, the balance of the bond was $51,337 after offsetting dividend payable of $35,450. Accumulated interest receivable related to this bond was $32,593, and the interest income of $3,178 was accounted for as Interest income in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2024 (December 31, 2023 - $10,848).

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On May 12, 2022, Boroo Gold subscribed for $8,000 in 800 bonds with $10 par value of Boroo Singapore. The investment had a maturity date at June 1, 2024 with 10% interest rate per annum and principal and interest payable on the maturity date. On December 7, 2023, the terms of this bond were amended, and its maturity date extended to December 31, 2025 and Boroo Gold subscribed for an additional $1,500 in 150 bonds with $10 par value of Boroo Singapore with all other terms unchanged. As at December 31, 2024, the balance of the bond was $1,000 after offsetting dividend payable of $8,500. Accumulated interest receivables as at December 31, 2024 was $1,393, and the interest income of $86 was accounted under Interest income in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2024 (December 31, 2023 - $810).

On September 28, 2022, Boroo Gold subscribed for $5,000 in 500 bonds with $10 par value of Boroo Singapore. The investment had a maturity date at October 6, 2024 with 13.4% interest rate per annum and principal and interest payable on a quarterly basis. On September 20, 2023, the term of the bond was amended, and Boroo Gold subscribed for an additional $1,300 in 130 bonds with $10 par value of Boroo Singapore. On December 21, 2023, there was a second amendment to the term to extend its maturity date to December 31, 2025, and the interest payable term was amended to be payable at the maturity date. As at December 31, 2024, the balance of the bond was $1,000 after offsetting dividend payable of $5,300. Accumulated interest receivables as at December 31, 2024 was $971, and interest income of $95 was accounted for under Interest income in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2024 (December 31, 2023 - $718).

9. Property, plant and equipment

	Property and Equipment	Mineral Property	Equipment under construction	Right-of-use asset	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2023	**146,016**	**35,800**	**355**	**-**	**182,171**
Additions	7,551	1,614	1,161	-	10,326
Disposal of assets	(967)	-	-	-	(967)
Balance at December 31, 2023	**152,600**	**37,414**	**1,516**	**-**	**191,530**
Additions/(Disposals)	13,852	-	2,400	-	16,252
Steppe Gold assets at acquisition	14,325	11,803	53,805	702	80,635
Asset Retirement costs	-	561	-	-	561
Transfer of equipment completed	206	-	(206)	-	-
Balance at December 31, 2024	**180,983**	**49,778**	**57,515**	**702**	**288,978**
Accumulated depreciation					
Balance at January 1, 2023	**91,784**	**32,160**	**-**	**-**	**123,944**
Additions	17,114	1,052	-	-	18,166
Disposal of assets	(503)	-	-	-	(503)
Balance at December 31, 2023	**108,395**	**33,212**	**-**	**-**	**141,607**
Additions/(Disposals)	15,106	561	-	64	15,732
Balance at December 31, 2024	**123,501**	**33,773**	**-**	**64**	**157,339**
Net book value					
Balance at December 31, 2023	**44,205**	**4,202**	**1,516**	**-**	**49,923**
Balance at December 31, 2024	**57,482**	**16,005**	**57,515**	**638**	**131,639**

Property and Equipment include mine site buildings, construction camp, plant and equipment at the Boroo and ATO mine sites and mobile equipment.

Mineral property assets include capitalized reserve acquisition costs, capitalized development costs, capitalized stripping costs and capitalized exploration and evaluation costs.

Equipment under construction is not subject to depreciation and includes assets under construction of $40,000, a milestone payment made under the EPC Contract (described below).

On January 9, 2024, Steppe Gold entered into a turnkey engineering, procurement and construction contract ("EPC Contract") amounting to $148,400 ("Contract Amount") with Hexagon Build Engineering LLC ("Hexagon") for the Phase 2 Expansion at the ATO Gold Mine (the "Phase 2 Expansion"). Steppe Gold has made milestone payments of $3,000 and $37,000 towards the Phase 2 Expansion for procurement of major long lead items, mobilization costs, early construction works and foundational work as of December 31, 2024.

The Contract Amount is fully funded by a project finance package (as described in Note 16) that has been made available to Steppe Gold and its affiliates by TDB and TDB Capital.

The details of the EPC Contract are as follows:

- The second draw down of $40,000 from the project finance package, was received on March 20, 2024, making a total of $49,600 drawn down from the first tranche of $50,000 of the $150,000 project finance package agreed in 2023.
- Steppe Gold made milestone payments of $40,000 to the contractor of the Phase 2 Expansion for procurement of major long lead items, mobilization costs, early construction works and foundational work.
- Hexagon completed the works related to early construction such as discipline design criteria, geotechnical evaluation, trade-off for cell and grinding circuit optimization by end of September 2024.
- The review process is underway for the procurement orders selection plan that has been prepared for the major long lead items including flotations cells, grinding mills, cluster cyclones, thickener units, filters and pumping systems. The review process is underway for the procurement orders selection plan that has been prepared for the major long lead items including flotations cells, grinding mills, cluster cyclones, thickener units, filters and pumping systems.
- The Phase 2 project is proceeding according to updated projected timelines and budgets, with commissioning planned for the third quarter of 2026.
- Steppe Gold and Hexagon are in discussions regarding certain amendments to the EPC Contract, to accommodate potential metallurgical improvements and increased annual capacity.

Pledge on items of property, plant and equipment

As at December 31, 2024, all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia, and all of the assets of Steppe BVI were pledged as security for the Stream Agreement granted to the Company (Note 13). Steppe Mongolia's licenses, movable properties and immovable properties were pledged under 2021 Gold 2 Loan and ATO Phase 2 Loan agreements. An intercreditor agreement governs the priority and rankings of charges between TDB and Triple Flag.

As at December 31, 2024, buildings and certain plant and equipment were pledged for obtaining loans from TDB and TDB Leasing LLC (Note 15 and Note 16).

Right-of-use assets

The right-of-use assets relate to office and light motor vehicles amounting to $638 as at December 31, 2024. The Company acquired one additional light vehicle with a term of 5 years in the year ended December 31, 2024.

Change in Accounting policy

Upon completion of the Boroo Gold Transaction an exercise was undertaken to align the Group's accounting policies. In conjunction with preparation of the Group's financial statements for the year ended December 31, 2024, and as a result of the assessment performed on property, plant and equipment, the Group concluded to change Boroo Gold's accounting policy on property, plant and equipment measurement from a revaluation model to the cost model to bring it in line with that of Steppe Gold.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, changes in accounting policies and corrections of errors are generally accounted for retrospectively. Such changes result in adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

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As at December 31, 2024, the change in measurement of property, plant and equipment of Boroo Gold resulted a reversal of a cumulative revaluation reserve of $28,053, decrease in property, plant and equipment of $19,432, decrease in inventory of $20, decrease in E&E assets of $541, decrease in deferred tax liability of $7,638 and increase in retained earnings of $15,699 in the consolidated statement of financial position. (Note 29)

10. Long term investments

The Company holds 1,071,806 common shares in Aranjin Resources Ltd (the "Aranjin") acquired in 2021. Boroo Gold holds 30,000 common shares in TDB, which were acquired in 2023.

The Group assessed the fair value of the investment using the observable inputs in accordance with Level 1 of the Fair Value Hierarchy. The Aranjin and TDB shares are revalued using the share price at the end of the reporting period and a loss on fair value revaluation of $149 has been recognized in the consolidated statements of income and comprehensive income as at December 31, 2024.

	December 31, 2024	December 31, 2023
Balance at beginning of period	**295**	-
TDB shares	**-**	287
Aranjin shares – fair value at acquisition	170	-
Fair value revaluation	(148)	8
Total long-term investments	**317**	**295**

11. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	December 31, 2024	December 31, 2023
Amounts payable	11,374	1,610
Accrued liabilities	1,297	607
Dividend payable	2,001	30,000
Taxes payable	433	280
Other payables	58	7
Total amounts payable and other liabilities	**15,163**	**32,504**

12. Asset retirement obligation

The Group's mines will require decommissioning and restoration at the end of their useful lives. These activities include dismantling and removing buildings, plant and equipment, rehabilitating land and watercourses, and monitoring environmental impacts. The Group recognizes provisions for the estimated costs of these obligations in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

The initial estimate of the decommissioning and restoration costs is capitalized as part of the cost of the related mining assets and depreciated over their useful lives. The provision is measured at the present value of the expected future cash flows, using a pre-tax discount rate 11.35% for ATO Project, 11.12% for Boroo Project, that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on the provision is recognized as a finance cost in profit or loss. The most significant assumptions used to estimate the future cash flows are the inflation rates, the expected timing of the cash outflows and the environmental and regulatory requirements. Although the ultimate amount of the environmental rehabilitation provision is uncertain, the amount of these obligations is based on information currently available, including closure plans and the Company's interpretation of current regulatory requirements.

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The provision for environmental rehabilitation relates to reclamation and closure costs of the ATO Project and Boroo Project. The total provision for environmental rehabilitation was $16,970 as at December 31, 2024 (December 31, 2023: $12,134).
A summary of the Company's asset retirement obligations as at December 31, 2024 and December 31, 2023 are presented below:

	December 31, 2024 $	December 31, 2023 $
Balance at beginning of period	**12,134**	**12,334**
Steppe Gold – ARO addition	2,923	-
Movements	(831)	(80)
Accretion	1,469	1,306
Change in estimate of asset retirement obligation	1,275	(1,426)
Balance end of the period	**16,970**	**12,134**
Current portion	**-**	**132**
Long term	**16,970**	**12,002**

13. Streaming arrangement

In connection with the ATO Acquisition and in order to fund the exploration and development of the ATO site, Steppe Gold's subsidiaries, Steppe Gold LLC ("Steppe Mongolia") and Steppe Investments LLC ("Steppe BVI") entered into a metals purchase and sale agreement dated August 11, 2017, which was subsequently amended on December 31, 2019, with Triple Flag International (Triple Flag) to sell gold and silver produced from the ATO Project (the "Stream Agreement").

Under the terms of the Stream Agreement, Triple Flag advanced $28,000 to Steppe Gold and Steppe BVI is obligated to sell annually to Triple Flag 25% of the gold and 50% of the silver produced, subject to an annual cap of 7,125 ounces of gold and 59,315 of silver from the ATO Project until such time as Steppe BVI has sold an aggregate of 46,000 ounces of gold and 375,000 ounces of silver, respectively. The obligation of Steppe BVI to sell gold and silver to Triple Flag continues for the life of mine and includes any gold or silver produced by Steppe Mongolia within the stream area, which is the area within 20km from the boundary of the original mineral licenses comprising the ATO Project.

Under the terms of the Stream Agreement the parties agreed the variable gold and silver price payable by Triple Flag on delivery of gold and silver should be 17% of the relevant market price. As additional consideration, Steppe West granted a 3% net smelter returns royalty to a subsidiary of Triple Flag on minerals derived from the Uudam Khundii property owned by Corundum.

As long as the upfront deposit of $28,000 (the "Upfront Deposit") remains outstanding, the purchase price for the gold and silver required to be sold to Triple Flag under the Stream Agreement is based on the product of 0.99 and spot prices as of delivery date. The purchase price is to be satisfied as to 83% against the uncredited balance of the Upfront Deposit and 17% is payable in cash by Triple Flag. Once the uncredited balance of the Upfront Deposit has been reduced to nil the purchase price by Triple Flag for the gold and silver shall be 17% of price determined with reference to the product of 0.99 and spot prices of the delivery date, payable in cash.

Pursuant to the Stream Agreement, Steppe BVI has an option to buy gold and silver from the open market and resell such gold and silver to Triple Flag.

The obligations of Steppe BVI under the Stream Agreement were guaranteed by Steppe Gold and Steppe Mongolia and secured by all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia. The obligations are also secured by all of the assets of Steppe BVI and through the pledge by Steppe Gold of all of the shares of both Steppe BVI and Steppe Mongolia.

The Stream Agreement is subject to various financial covenants in the form of ratios. These covenants include the indebtedness of the Company, excluding all amounts owing from time to time under the Steppe Gold's promissory note on completion of the ATO Acquisition ("Centerra Deferred Purchase Price Amount") less any cash and liquid securities that is greater than the Centerra Deferred Purchase Price Amount ("Net Indebtedness") and earnings before interest, taxes, depreciation and amortization ("EBITDA"). The covenant is defined in the agreement as a leverage ratio, calculated as Net Indebtedness of the Company to EBITDA ("EBITDA Ratio") and a forward leverage ratio, calculated as Net Indebtedness to forecasted EBITDA ("Forecasted EBITDA Ratio"). Per the agreement, the EBITDA Ratio cannot exceed 2.0 and its Forecasted EBITDA Ratio cannot exceed 2.0 until the date of the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver.

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On or after the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver, Steppe Gold must ensure that its EBITDA Ratio does not exceed 2.5 and Forecasted EBITDA Ratio does not exceed 2.5. Steppe Gold is in compliance with the covenants as noted in the Stream Agreement.

The Stream Agreement liability is recorded at fair value at each statement of financial position date as Steppe Gold has determined the obligation is a derivative liability to be carried at FVTPL.

The fair value of the Stream Agreement was valued using a discounted cash flow approach with consideration for the contractual terms of the Stream Agreement and using input assumptions including mine production plans, expected production taking into consideration technical feasibility reports, expected forward prices of gold and silver using the COMEX forward contract price and discount rate related to the risk of the forecasted cash flows.

The valuation was prepared by an independent, qualified valuator using the Phase 1 life of mine production schedule and expectations based on the information from the recently updated report issued by independent technical consultants. No stream liability has been calculated for Phase 2 as the liability is based on production, which is not anticipated to commence until 2026. Accordingly, there is no past event (i.e. production) that leads to a present obligation.

The continuity of the streaming liability is presented as follows:

	December 31, 2024 **$**
PPA fair value amount	**8,740**
Fair value movement for the period	(1,254)
Repayment	(3,043)
Balance end of the period	**4,443**
Current portion	**4,443**
Long term portion	**Nil**

14. Convertible Debenture

On January 27, 2022, the CEO of the Company, Mr. Bataa Tumur-Ochir, acquired $3,000 convertible debentures of the Company from Mongolian National Investment Fund PIF SPV ("MNIF"). The debentures had a maturity date of January 30, 2022, which was extended to January 27, 2024, and has now been extended to January 27, 2027. The debentures carry an interest rate of 13.5%. The conversion feature of the debentures meets the definition of a derivative liability instrument as the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria.

The changes in the convertible debenture loan liability are as follows:

	$
Balance at August 1, 2024	**2,400**
Accretion	246
Interest	(168)
Foreign Exchange	(1)
Balance at December 31, 2024	**2,477**

The changes in the convertible debenture derivative component are as follows:

	$
Balance at August 1, 2024	**573**
Change in fair value of derivative liability	(193)
Balance at December 31, 2024	**380**

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15. Short Term Loans

Triple Flag Gold Prepay Loan

The continuity table of the Triple Flag Gold Prepay Loans is as follows:

	December 31, 2024 $
Value of loan on acquisition	**6,505**
Fair value revaluation	409
Balance end of the period	**6,914**

On March 15, 2024, Steppe Gold entered into a Gold Prepayment Loan agreement with Triple Flag for an additional $5,000 advance. The repayment term is five months, starting on August 15, 2024, with five monthly deliveries of 530 ounces each, totalling 2,650 ounces of gold.

The Company and Triple Flag have engaged in discussions regarding the deferral of the Gold Prepayment Loan repayment. On February 11, 2025, the Company repaid 1,000 ounces of gold out of the total 2,650 ounces owed. The Company expects that the remaining balance will be repaid in instalments.in the second quarter of 2025.

The Triple Flag Gold Prepay Loans were revalued using the London Bullion Market Association gold price and a loss on fair value revaluation of $410 has been recognized in the consolidated statements of income and comprehensive income for the year ended December 31, 2024.

Short-term Loans

The continuity table of the Short-term Loans is as follows:

	December 31, 2024 $	December 31, 2023 $
Balance at beginning of the year	**82,603**	**28,094**
Steppe Gold Loan at acquisition	2,888	-
Additions	4,073	-
Reclassified to short term	10,000	55,000
Reclassified to long term loan	(47,734)	-
Repayments	(33,766)	(2,340)
Accrued interest	9,757	11,106
Interest paid	(9,022)	(11,866)
Foreign exchange	791	2,609
Balance end of the period	**19,590**	**82,603**

The details of the ending balance:

	December 31, 2024 $	December 31, 2023 $
Steppe Gold loan at acquisition (i)	2,152	-
TDB Blue Sky office loan (ii)	107	92
TDB Investment loan (iii)	-	13,100
TDB Leasing (iv)	-	389
TDB Leasing (v)	-	560
TDB Leasing (vi)	-	241
TDB Leasing – MIK /Note 16(ii)/	1,000	55,000
TDB Jarden apt loan (vii)	33	33
TDB Gold II loan (viii)	-	4,926
TDB Working capital loan (ix)	-	2,778
TDB Green Loan (x)	195	147

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TDB Selenge building loan (xi)	-	95
TDB Equipment loan (xii)	-	2,215
TDB New fleet loan (xiii)	2,339	-
ATO Phase 2 loan /Note 16 (i)/	10,000	-
Loan interest payable	3,764	3,027
Balance end of period	**19,590**	**82,603**

(i) In November 2021, the Company entered into a loan agreement with TDB for MNT 170 billion ($59,700) (the "2021 Gold 2 Loan") which is a covenant light loan with 9% interest per annum for a term of 36 months facilitated under the Central Bank of Mongolia "Gold 2" program. The funds under the 2021 Gold 2 Loan were advanced based on the conditional agreement between the Central Bank of Mongolia and TDB, which was completed on November 10, 2021. In order to secure the obligations under 2021 Gold 2 Loan, the Company provided a pledge of its licenses, movable properties and immovable properties. An intercreditor agreement governs the priority and ranking of charges between the TDB and Triple Flag.

As of December 31, 2024, a total of MNT 162.5 billion has been repaid and the remaining balance of MNT 7.5 billion ($2,160) was recorded as a short-term loan. The repayment date has been extended to August 30, 2025 with an interest rate of 18% per annum.

(ii) On July 24, 2019, Boroo Gold entered into a loan agreement with the TDB for $3,104, carrying an interest rate of 14.4% per annum and a term of 180 months, to finance the purchase of office property. Boroo Gold pledged the office property as collateral for this loan. As at December 31, 2024, there was a short term payable balance of $107 and long term payable balance of $1,938 (December 31, 2023: short term payable balance of $92 and long term payable balance of $2,031).

(iii) On October 29, 2019, Boroo Gold secured a loan of $48,000 from the TDB at an interest rate of 8% per annum, with a term of 60 months, for investment purposes. As of December 31, 2024, the loan balance has been fully repaid (December 31, 2023: $13,100).

(iv) On June 12, 2020, Boroo Gold entered into a financial lease agreement with TDB Leasing LLC ("TDB Leasing") for $3,112 at an interest of 9.6% per annum for a period of 48 months and used the loan to purchase equipment for Boroo Gold's business operations. The financial lease was repaid on the maturity date (December 31, 2023: $389).

(v) On October 14, 2020, Boroo Gold entered into a financial lease agreement with TDB Leasing for $2,400, bearing an interest rate of 9.6% per annum over a term of 48 months. The proceeds from this loan were utilized to acquire equipment for Boroo Gold's operations. As of December 31, 2024, the outstanding balance on the financial lease was $56 (December 31, 2023: $560).

(vi) On November 24, 2021, Boroo Gold entered into a financial lease agreement with TDB Leasing for $850 at an interest of 9.3% per annum for a period of 36 months and for the purpose of acquiring equipment to be used at the mine site. The financial lease has been fully repaid on the maturity date (December 31, 2023: $241).

(vii) On November 25, 2020, Boroo Gold entered into a loan agreement with TDB for MNT 1.7 billion ($507) at an interest of 14.4% per annum for a period of 180 months and for the purpose of acquiring a property. As at December 31, 2024, there were a short term payable balance of $33 and long term payable balance of $332 (December 31, 2023: short term payable balance of $33 and long term payable balance of $366).

(viii) On May 6, 2021, Boroo Gold entered into a loan agreement with TDB for MNT 72 billion ($21,295) at an interest of 9% per annum for a period of 36 months, for investment purposes. On September 8, 2022, Boroo Gold entered into a Business Line of Credit agreement with TDB for an amount of MNT 48 billion ($14,196) at an annual interest rate of 14.4% for a duration of 36 months in order to refinance the loan.

(ix) On October 22, 2022, Boroo Gold entered into a loan agreement with TDB for $5,000 at an interest rate of 12% per annum for a period of 24 months and for the purpose of financing working capital. As of December 31, 2024, the loan balance was fully repaid (December 31, 2023: $2,778).

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

(x) On March 4, 2022, the Company entered into a green loan agreement under Green Loan Program with TDB for MNT 2 billion ($592) at an interest of 12% per annum for a period of 60 months for the purpose of carrying out green projects and programs that are environmentally friendly, mitigate climate change, and reduce greenhouse gas emissions. As at December 31, 2024, there was a short term payable balance of $195 and long term payable balance of $260 (December 31, 2023: short term payable balance of $147 and long term payable balance of $418).

(xi) On November 17, 2021, Boroo Gold entered into a loan agreement with TDB for $260 at an interest of 8% per annum for a period of 36 months and for the purpose of acquiring a property. The loan balance has been fully repaid as at December 31, 2024 (December 31, 2023: $95).

(xii) On October 4, 2022, Boroo Gold entered into a loan agreement with TDB for MNT 14 billion ($4,140) at an interest rate of 17% per annum for a period of 24 months and for the purpose of acquiring equipment for the Company's business operation. The loan has been fully repaid at the maturity date (December 31, 2023: $2,215).

(xiii) On January 15, 2024, Boroo Gold entered into an equipment loan agreement with TDB for MNT 20 billion ($5,915) at an interest of 18% per annum for a period of 36 months and for the purpose of acquiring equipment for Boroo Gold's business operation. As at December 31, 2024, there was a short term payable balance of $2,339 and long term payable balance of $2,729.

16. Long Term Loans

The continuity table of long-term loans is as follows:

	December 31, 2024 $	December 31, 2023 $
Balance beginning of the year	**2,815**	**89,621**
Steppe Gold ATO Phase 2 loan	49,577	-
Additions	24,711	-
Reclassified from /(to) Short term loan	47,734	(55,000)
ATO Phase 2 loan reclassified to Short term loan	(10,000)	-
Repayments	(285)	(31,806)
Balance end of period	**114,552**	**2,815**

The details of the ending balance:

	December 31, 2024 $	December 31, 2023 $
Steppe Gold loan at acquisition (i)	39,577	-
TDB Leasing – MIK (ii)	47,734	-
TDB Line of Credit – USD (iii)	20,000	-
TDB Line of Credit – MNT (iii)	1,982	-
TDB Blue Sky office loan /Note 15 (ii)/	1,938	2,031
TDB Jarden apartment loan /Note 15 (vii)/	332	366
TDB Green Loan /Note 15 (x)	260	418
TDB New fleet loan /Note 15 (xiii)	2,729	-
Balance end of period	**114,552**	**2,815**

(i) On July 11, 2023, Steppe Gold announced it had signed a binding term sheet with TDB, and affiliated entities, for $150,000 in financing ("ATO Phase 2 Loan") to fund the construction and completion of the ATO Phase 2 Expansion.

The terms of the financing comprise three tranches of $50,000 each for a total of $150,000, expected to be funded in line with the planned construction of the ATO Phase 2 Expansion.

On August 30, 2023, Steppe Gold signed a loan agreement for the first tranche of $50,000 with interest rate of 13.40% per annum for the term of 48 months, in five equal instalments, repaid in every six months from August 30, 2025, to August 30, 2027.

Drawdowns commenced on October 9, 2023, with a first draw down of $9,600 after meeting the requirements of the loan agreement. The second draw down of $40,000 was received on March 20, 2024, with a total of $49,577 now drawn down. As of December 31, 2024, $10,000 has been reclassified to short term loan in accordance with the repayment schedule.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

(ii) On April 13, 2021, Boroo Gold entered into a loan agreement with TDB leasing for $55,000 at an interest of 12.3% per annum for a period of 33 months and for investment purposes. There was a short-term payable balance of $55,000 as at December 31, 2023. The loan agreement has been extended for a further 36 months on January 25, 2024 with the term of repayment of $1,000 to be paid in July, 2025 and remaining $47,700 to be repaid by the maturity date December 31, 2026 and with the interest rate of 14.8% per annum. On December 27, 2024, the loan agreement has been transferred to Mongolian Mortgage Corporation HFC LLC ("MIK"). As at December 31, 2024, there was a long term loan balance of $48,734 and related interest payable of $3,142.

(iii) On January 29, 2024, Boroo Gold entered into a credit agreement with TDB that is expected to provide added financial flexibility to support the Company's continued growth. The credit agreement consists of up to $20,000 with an interest rate of 15% per annum and up to $30,000 equivalent MNT with an interest rate of 18% per annum for a period of 60 months. As at December 31, 2024, there were $20,000 of USD credit loan and $1,982 of MNT credit loan balances.

17. BORO Bond

On December 5, 2024, Boroo Gold issued a 27-month "BORO" bond offering in the Mongolian domestic over-the-counter market with a third party Mongolian mortgage provider totaling $43,000 with 12.3% interest rate per to finance working capital and improvements in equipment for our operations (the "Bond Agreement"). Boroo Gold received cash of $43,000 on December 5, 2024. The interest will be paid on semi-annual basis and the maturity date of the bond is as of March 5, 2027.

Within the framework of the Bond Agreement, Boroo Gold's real estate for office use, mineral exploitation licenses, and income from current and savings accounts (current and future) in commercial banks have been pledged.

Boroo Gold guaranteed that funds will be used for the purposes outlined in the Securities Prospectus (as defined in the Bond Agreement).

18. Share Capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued:

	Number of common shares	$
Balance at January 1, 2023	**3,000,000**	**3,000**
Balance at December 31, 2023	**3,000,000**	**3,000**
Cancellation of Boroo Gold common shares at the acquisition date	(3,000,000)	-
Shares issued to Boroo Singapore from Steppe Gold (i)	143,796,574	-
Fully diluted common shares of Steppe Gold (ii)	113,442,378	52,422
Dilutive shares of Steppe Gold (iii)	(4,411,765)	-
Balance at December 31, 2024	**252,827,187**	**55,422**

(i) On August 1, 2024, the Company announced the successful completion of the Boroo Gold Transaction.
(ii) As of August 1, 2024, Steppe Gold had a total of 113,442,378 fully diluted common shares issued and outstanding.
(iii) Steppe Gold has a convertible debenture of $3,000 (Note 14) which can be convertible to 4,411,765 common shares.

As noted above in Note 3 Reverse Acquisition of Steppe Gold, under the reverse acquisition rules the entity that issues its shares to effect the transaction (Steppe Gold) is determined for accounting purposes to be the acquiree (also called the accounting acquiree or legal acquirer), while the entity whose shares are acquired (Boroo Gold) is for accounting purposes the acquirer (also called the accounting acquirer or legal acquiree).

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The accounting acquiree generally continues in existence as the legal entity whose shares represent the outstanding common shares of the combined company and continues to issue its own financial statements. However, the financial reporting reflects the accounting acquirer's financial information, except for its equity, which is retroactively adjusted to reflect the equity of the accounting acquiree.

19. Revenue

Revenue by metal for the year ended December 31, 2024, and December 31, 2023, were as follows:

	Year ended December 31	
	2024	**2023**
	$	**$**
Gold revenue	177,271	131,745
Silver revenue	862	310
Total	**178,133**	**132,055**

The Group's revenue is derived from the sale of gold and silver to banks in Mongolia at London Metal Exchange-based spot rates.

Revenue for Boroo Gold for the year ended December 31, 2024 amounted to $157,977 on sales of 70,842 gold ounces, and 15,251 silver ounces.

Revenue for Steppe Gold for the period from August 1, 2024, to December 31, 2024, amounted to $20,156 on sales of 7,608 gold ounces and 20,596 silver ounces.

Average realized prices for Boroo Gold for the three months and year ended December 31, 2024, were $2,618 and $2,225 per gold ounce and $19 and $24 per silver ounce, respectively.

Average realized prices for Steppe Gold for the three months ended December 31, 2024 and the period from August 1, 2024, to December 31, 2024, were $2,659 and $2,583 per gold ounce respectively and $29 and $28 per silver ounce respectively.

On March 14, 2024, Boroo Gold signed a forward sales contract with TDB to sell its gold production to TDB at $2,000 per ounce. The contract runs from March 14, 2024, to December 31, 2024, with monthly deliveries of 4,500 ounces up to a total contract amount of 50,000 ounces; shortfalls of monthly deliveries should be made good in the following month. The contract was extended on May 28, 2024, first until March 31, 2025, and subsequently until June 30, 2025, to allow Boroo Gold more headroom in planning its delivery schedule. Boroo Gold expects to fulfil the forward contract in full by June 30, 2025.

20. Cost of sales

	Year ended December 31	
	2024	**2023**
	$	**$**
Contractors	10,297	5,966
Employee compensation	9,473	5,879
Materials and consumables	23,398	8,263
Other expenses	10,169	17,859
Change in inventory	1,316	-
Depletion and depreciation	17,474	16,661
Royalties	9,730	6,603
Total	**81,857**	**61,231**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

21. Corporate administration

	Year ended December 31	
	2024	**2023**
	$	**$**
Management compensation	429	-
Staff payroll and related costs	1,960	981
Professional fees	2,531	1,025
Investor relation	1,198	198
Corporate social responsibility	520	227
Direct general administrative	2,584	114
Total	**9,222**	**2,545**

22. Finance costs

	Year ended December 31	
	2024	**2023**
	$	**$**
Accretion on convertible debentures	245	-
Accretion on lease liability	45	-
Accretion on asset retirement obligation	1,469	1,306
Interest on loans	11,928	11,106
Interest on bond investment	(3,454)	(13,716)
Interest on current account	(255)	(277)
Change in fair value of convertible debentures	(195)	-
Changes in present value of ARO	(0)	(1,571)
Fair value of stream liability	(1,254)	-
Change in fair value of long-term investment	149	(4)
Change in fair value of ATC sales consideration	(505)	-
Bond impairment loss reversal	(2,153)	-
Fair value of short-term loan - Gold Prepay loan	410	-
Bad debt	69	-
Other finance income/expense	705	(1,550)
Total Finance expenses (income)	**7,204**	**(4,706)**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

23. Dividends

The following dividends were declared and paid by the Company for the reporting periods.

	December 31, 2024	December 31, 2023
	$	$
Balance, beginning of the year	**30,000**	**-**
Dividend declared (i)	-	30,000
Dividend declared (ii)	66,764	-
Dividend declared (iii)	20,000	-
Dividend declared (iv)	16,524	-
Dividend declared	2,001	
Paid in cash (v)	(60,500)	-
Deducted WHT (vi)	(6,664)	-
Offset with bond (vii)	(65,000)	-
Offset with license transfer tax (viii)	(1,124)	-
Balance, end of period	**2,001**	**30,000**

(i) On December 20, 2023, Boroo Gold declared a dividend of $30,000 (2022: $Nil) to Centerra, its former immediate parent company. This represents a dividend of $10 per share.
(ii) On April 18, 2024, Boroo Gold declared a dividend of $66,764 to Centerra, its former immediate parent company. This represents a dividend of $22.25 per share.
(iii) On May 8, 2024, Boroo declared a dividend of $20,000 to Centerra, its former immediate parent company. This represents a dividend of $6.67 per share.
(iv) On July 5, 2024, Boroo declared a dividend of $16,524 to Centerra, its former immediate parent company. This represents a dividend of $5.51 per share.
(v) Boroo Gold paid $60,500 in cash to Centerra before the closing date of Boroo Gold Transaction, August 1, 2024.
(vi) The dividend tax is calculated at 5% tax rate as per Article 10, Clause 10.1.a of the Double Taxation Agreement between the Government of Mongolia and the Government of the Kingdom of Belgium and offset against the dividend payable amount as of December 31, 2024.
(vii) A dividend payable of $65,000 was offset with the bond receivable amount from Boroo Singapore based on the resolution passed by Board of Directors of Boroo Gold dated as May 27, 2024. As at December 31, 2024, the balance of the bond was $51,337 after offsetting dividend payable of $35,450. Accumulated interest receivable related to this bond was $29,416, and the interest income of $1,560 was accounted for as Interest income in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2024 (December 31, 2023 - $8,114).
(viii) A license transfer tax of $1,124 was deducted from the dividend payable as of December 31, 2024.

24. Net profit/(loss) per common share

Calculation of Earnings per share after a reverse acquisition

The equity structure in the consolidated financial statements following a reverse acquisition should reflect the equity structure of the legal parent (Steppe Gold), including the equity interests issued by the legal parent to carry out the business combination. However, whereas the number of shares taken into account for the period after the reverse acquisition is based on the legal parent capital structure, the historical number of shares of the legal parent should not be used in calculating the earnings per share before the reverse acquisition. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the reverse acquisition should be based on the weighted average number of outstanding shares of the accounting acquirer before the business combination adjusted to reflect the exchange ratio applied in the reverse acquisition.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Profit or loss amounts

The profit or loss of Boroo Gold should be used for comparative period and the current period between the beginning of the period and the date of the transaction. The consolidated profit or loss of the legal parent (Steppe Gold) is only included from the date of the reverse acquisition.

Net profit attributable to common shareholders of $61,323 (December 31, 2023: $56,338) and the weighted average number of common shares outstanding of basic and diluted for the year ended December 31, 2024 of 189,225,996 and 191,064,232 (December 31, 2023: year ended of 143,796,574 and 143,796,574), respectively.

Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the period in which the reverse acquisition occurs were calculated as follows:

	Number of shares
Boroo Gold LLC issued and outstanding shares (A)	3,000,000
Shares issued from Steppe Gold (B)	143,796,574
Exchange ratio for share issuance (B/A)	**48**

As at December 31, 2024

Period	**Calculation**	**Number of shares**
January 1 – August 1, 2024	3,000,000 shares*7/12months	1,750,000
	* by exchange ratio	48
		83,881,335
August 1, 2024 – December 31, 2024	252,827,187 shares*5/12 months	105,344,661
Total Basic weighted average number of outstanding shares		**189,225,996**

As at December 31, 2024

Period	**Calculation**	**Number of shares**
January 1 – August 1, 2024	3,000,000 shares*7/12months	1,750,000
	* by exchange ratio	48
		83,881,335
August 1, 2024 – December 31, 2024	257,238,952 shares*5/12 months	107,182,897
Total Diluted weighted average number of outstanding shares		**191,064,232**

As at December 31, 2023

Period	**Calculation**	**Number of shares**
January 1 – December 31, 2024	3,000,000 shares	3,000,000
	* by exchange ratio	48
		143,796,574
Total Basic and Diluted weighted average number of outstanding shares		**143,796,574**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

25. Income Tax

The major components of the Company's income tax expense/(recovery) for the years ended December 31, 2024 and 2023 are:

Consolidated profit/loss

	December 31, 2024	December 31, 2023
Current tax expense	22,593	16,617
Deferred tax recovery	(3,782)	(700)
Total income tax expense	**$ 18,811**	**$ 15,917**

The reconciliation of the tax expense and the accounting profit multiplied by the combined Canadian federal and provincial statutory and Mongolian statutory income tax rate of 24.5% (2023 – 24.3%) is as follows:

	December 31, 2024 $	December 31, 2023 $
Net profit before income tax	**80,133**	**72,255**
Expected income tax	17,975	16,951
Change in statutory, foreign tax, foreign exchange rates and other	(7,551)	(1,813)
Permanent differences	8,964	779
Expiry of non-capital losses	61	-
Change in unrecognized deductible temporary differences	(638)	-
Total income tax expense	**$ 18,811**	**$ 15,917**

Deferred tax assets and liabilities

The following table summarizes the components of deferred tax:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Asset retirement obligation	597	-
Exploration and evaluation assets	1,816	-
Property, plant and equipment	1,643	676
Non-capital losses	1,541	-
Accounts payable	2,512	2,482
Other	17	-
	8,126	3,158
Deferred tax liabilities		
Accounts receivable	(4,618)	(5,854)
Inventory	(1,310)	-
Mining assets	(1,304)	-
Other	-	(3)
	(7,232)	(5,856)
Net deferred tax assets/(liability)	$ 894	$ (2,699)

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

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

	December 31, 2024	**December 31, 2023**
Temporary Differences		
Share issue costs	1,440	-
Non-capital losses	1,895	-
Property and equipment	32	-
Right-of-use assets/Lease liability	291	-
Investment tax credits	462	-
Convertible debentures	392	-
Marketable securities	549	-
Intangible assets	11,516	-
Non-capital losses	31,533	-
Canada	30,427	-
Mongolia	1,107	-

In addition to recognized deferred income tax assets, the Group has unrecognized Canadian tax losses of $30,427 (2023: $Nil) that will expire starting 2025. The Group also has unrecognized Mongolian tax losses of $1,107 (2023: $Nil) that will expire starting 2025. Deferred income tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future to support (either partial or in full) the recognition of the losses as deferred income tax assets.

26. Related party transactions

The Company's related parties include its subsidiaries, controlling entities and key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

As a result of the Boroo Gold Transaction, Boroo Gold LLC is 100% owned by Steppe Gold Ltd, whose majority shareholder is now Boroo Singapore through its acquisition of 55.9% of the shares of Steppe Gold Ltd. Boroo Singapore is 70% owned by Eminent Stride Limited BVI and 10% owned by Mr. Dulguun Erdenebaatar, a director of the Group. Eminent Stride Limited BVI is 100% owned by TDB Capital.

TDB Capital is a privately held investment holding company. The ultimate controlling party of the Group is Mr. Tulga Erdenbileg, a citizen of Mongolia.

Neither Boroo Singapore's parent company nor TDB Capital, produces consolidated financial statements available for public use.

The following are details of related party transactions during the year ended December 31, 2024:

Related Party	**Relationship**	**Nature of transaction**	**Dec 31, 2024** $	**Dec 31, 2023** $
Boroo Singapore	Immediate holding company	Bonds purchased (i)	(65,000)	2,800
Boroo Singapore	Immediate holding company	Interest receivable (i)	3,454	13,716
TDB Leasing	Associated company of ultimate holding company	Project financing (ii)	-	(434)
Trade and Development Bank	Associated company of ultimate holding company	Project financing (iii)	(46,609)	2,387
TDB	Associated company of ultimate holding company	Forward contract sales (iv)	43,894	-
Centerra Gold Mongolia LLC	Subsidiary of Boroo Singapore	Centerra financing (v)	292	519

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Bataa Tumur-Ochir	Chairman and CEO	Convertible debenture (vi)	(115)	-

(i) Bonds purchased and interest receivable

As at December 31, 2024, the Group held investment bonds issued by Boroo Singapore in the total amount of $97,050 including accumulated interest receivable of $42,713 with the maturity date at December 31, 2025. During the year ended December 31, 2024, Group offset the bond receivable of $65,000 with the dividends declared to Boroo Gold's former immediate parent company Centerra.

The realization of these bonds, which are due for redemption on December 31, 2025, is reliant on cash flows from operations of Minera Boroo Misquichilca SA ("MBM") a gold mining company located in Peru and a 100% owned subsidiary of Boroo Singapore.

(ii) TDB and its subsidiaries TDB Leasing

During 2020 to 2021, Boroo Gold has entered into four finance lease agreements for the purposes of purchasing equipment and investment. As at December 31, 2023, the balance of finance lease agreements was $56,190 and as at December 31, 2024, Boroo Gold has fully repaid all finance lease balances for the purpose of purchasing equipment and there was a balance of $47,734 from the loan for investment purposes. The amounts owed to TDB Leasing were transferred to MIK during the year ended December 31, 2024.

(iii) TDB and its subsidiaries

As at December 31, 2024, Boroo Gold and Steppe Gold had several loans with TDB totalling $82,265, with interest rates from 12% to 18%. On December 31, 2023, Boroo Gold and Steppe Gold had loans with TDB totalling $85,418, with interest rates ranging from 8% to 17%. (Note 15, Note 16)

Although not a related party at the time, on July 11, 2023, Steppe Gold signed a binding term sheet with TDB and TDB Capital to collectively will provide up to $150,000 in project financing to fully fund the construction and completion of the ATO Phase 2 Expansion.

The ATO Phase 2 Loan disbursement began on October 9, 2023, with an initial drawdown of $9,600. A second drawdown of $40,400 on March 20, 2024, brought the total to $50,000.

The movement on the loans with TDB and TDB Leasing (transferred to MIK during 2024) for the period is shown in the table below:

	31-Dec-24	31-Dec-23
	$	$
Balance at beginning of the year	**85,418**	**117,715**
Steppe Gold Loan at acquisition	52,465	-
Additions	28,784	-
Transferred to MIK	(51,876)	-
Repayments	(34,051)	(34,146)
Accrued interest	9,757	11,106
Interest paid	(9,022)	(11,866)
Foreign exchange	790	2,609
Balance end of the period	**82,265**	**85,418**

(iv) TDB Forward sales contract

On March 14, 2024, Boroo Gold signed a forward sales contract with TDB, to sell its gold production to TDB at $2,000 per ounce. The forward sales contract runs from March 14, 2024, to December 31, 2024, with monthly deliveries of 4,500 ounces up to a total contract amount of 50,000 ounces; shortfalls of monthly deliveries should be made good in the following month. The forward sales contract was extended on May 28, 2024, first until March 31, 2025, and subsequently until June 30, 2025, to allow Boroo Gold more headroom in planning its delivery schedule. Boroo Gold expects to complete the forward sales contract in June 2025. Boroo Gold has applied the 'own use' exemption under IFRS 9 in accounting for the forward sales contract with TDB.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

(v) CGM financing

In a period from 2018 to 2023, Boroo Gold financed the CGM operations with $48,042 and the balance has been increased in the year ended December 31, 2024 to $48,333. Boroo Gold assessed the credit risk of CGM financing and resulted the accumulative impairment loss of $48,042 as at December 31, 2023 and accumulated impairment loss of $48,197 as at December 31, 2024.

(vi) Convertible debentures

On January 27, 2022, the CEO of the Company, Mr. Bataa Tumur-Ochir, acquired $3,000 convertible debentures of the Company from Mongolian National Investment Fund PIF SPV ("MNIF"). The debentures had a maturity date of January 30, 2022, which was extended to January 27, 2024, and has now been extended to January 27, 2027. The debentures carry an interest rate of 13.5%. The conversion feature of the debentures meets the definition of a derivative liability instrument as the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria.

The balance of convertible debentures loan liability was $2,477 and fair value of derivative portion was $380 as at December 31, 2024.

Balances due to related parties:

Related Party	**Relationship**	**31-Dec-24**	**31-Dec-23**
		$	**$**
TDB	Associated company of ultimate holding company	82,265	26,279
TDB Leasing	Associated company of ultimate holding company	-	59,139
Bataa Tumur-Ochir	Chairman and CEO	2,858	-

Balances due from related parties:

Related Party	**Relationship**	**31-Dec-24**	**31-Dec-23**
		$	**$**
Centerra Gold Mongolia LLC	Subsidiary of Boroo Singapore	48,333	48,042
Boroo Singapore	Immediate holding company	97,050	156,442

Other related party transactions with related parties are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Identifying related parties

Directors	
Bataa Tumur-Ochir	Chairman and Chief Executive Officer
Byambatseren Tsogbadrakh	President and Director
Matthew Wood	Director until March 15, 2024
Aneel Waraich	Director until March 29, 2024
Patrick Michaels	Non Executive Director until August 1, 2024

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Batjargal Zamba	Non Executive Director
Sereenen Jargalan	Non Executive Director
Steve Haggarty	Non Executive Director until August 1, 2024
Marina Lerner	Non Executive Director
Dulguun Erdenebaatar	Non-Executive Director effective August 1, 2024
Tserenbadaam Dugeree	Director effective August 1, 2024

As at December 31, 2024, non-executive directors were owed $30.

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Key Management	
Bataa Tumur-Ochir	Chairman and Chief Executive Officer
Aneel Waraich	Former Executive Vice President
Jeremy South	Senior Vice President and Chief Financial Officer
Byambatseren Tsogbadrakh	President, VP Finance
Greg Wood	Former Chief Operating Officer
Enkhtuvshin Khishigsuren	Vice President Exploration
Tserenbadam Dugeree	Chief Operating Officer

During the year ended December 31, 2024, and 2023, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	Year ended December 31	
	2024	**2023**
	$	**$**
Management fees paid to key personnel	703	212
Non-executive Directors fees	48	-
Total	**751**	**212**

As at December 31, 2024, key management personnel were owed $274 of accrued bonuses and management fees for previous periods (December 31, 2023: $Nil).

27. Fair value measurements

The following tables set forth the Group's assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The levels are as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

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- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The amortized cost of financial assets and liabilities (including trade receivables, trade payables, and short-term borrowings) approximates their fair value due to the short-term maturity of these instruments. Accordingly, there are no significant differences between the carrying amounts and the fair values of these financial instruments as of the reporting date.

The fair values of fixed-rate loans approximate their carrying amounts as the interest rates on these loans have not significantly changed since the inception of the loans. Therefore, the carrying amounts are considered to reflect the fair values of these financial instruments as of the reporting date.

Information sources

- The long-term investment is valued at the listed stock price of the investment as at December 31, 2024 (Note 10).
- The fair value of the conversion feature of the debentures was estimated based on the Black Scholes pricing model using a risk-free interest rate of 2.84% based on 3-year Canadian Government bond yields, an expected dividend yield of 0%, volatility rates of 49.79% based on the Company's historical stock price, and an expected life of 3 years (Note 14).
- The fair value of the streaming liability has been calculated by an independent valuation consultant in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators. The consultant used an income approach, specifically a discounted cash flow, which is a generally accepted valuation methodology for valuing contractual obligations. The inputs used in the valuation are based on production information provided by Company management using the latest technical report, the current and forward COMEX prices of gold and silver, the prevailing discount rate of 27.5% as at December 31, 2024, and the contractual terms of the Triple Flag agreement (Note 13).

	Fair value at December 31, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	47,132	47,132	-	-
Long term investment	317	317	-	-
Investment in Bond	97,050	-	97,050	-
	144,499	**47,449**	**97,050**	**-**
Liabilities				
Convertible debenture derivative	380	-	380	-
Short term loan	9,590	9,590	-	-
Long term loan	124,552	124,552	-	-
Triple Flag Gold Prepay Loan	6,914	-	6,914	-
Current portion of streaming arrangement	4,443	-	4,443	-
	145,879	**134,142**	**11,737**	**-**

	Fair value at December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	14,903	14,903	-	-
Long term investment	295	295	-	-
Investment in bond	156,442	-	156,442	

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	171,640	**15,198**	**156,442**	**-**
Liabilities				
Short term loan	82,063	82,063	-	-
Long term loan	2,815	2,815	-	-
	84,878	**84,878**	**-**	**-**

Embedded derivatives

The Company has issued a convertible debenture which contain an embedded derivative component (Note 14). The following table is a sensitivity analysis of the impact on the consolidated statement of income and comprehensive income of an increase or a decrease in the assumptions that are used to value the derivative liability which is classified as a level 2 in the fair value hierarchy:

Input	Sensitivity rate	Impact of increase	Impact of Decrease
		$	$
Stock price	10%	95	(85)
Exercise price	10%	(48)	57
Volatility rate	10%	62	(62)
Discount rate	0.5%	2	(2)

Streaming arrangement

In connection with the ATO Acquisition, the Company's subsidiaries have entered into a metals purchase and sale agreement (the "Stream Agreement") with Triple Flag to sell gold and silver produced from the ATO Project. The Stream Agreement is recorded at fair value at each statement of financial position date as the Company has determined the obligation is a derivative liability to be carried at FVTPL. The fair value of the Stream Agreement was valued using the income approach with consideration for the contractual terms of the Stream Agreement and use of various input assumptions.

Input	Sensitivity rate	Impact of increase	Impact of Decrease
		$	$
Forward price	10%	444	(444)
Discount rate	10%	(200)	228

28. Contingencies

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims with vendors. Apart from the matter notified to the Company after the reporting period management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

29. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's credit risk is primarily attributable to cash, short term investments, receivables and other assets. Cash is held with a Canadian chartered bank and financial institutions in Mongolia, from which management believes the risk of loss to be minimal. The Group's cash is currently invested in bonds issued by Boroo Singapore. The bonds which are due for redemption on December 31, 2025 are reliant on cash flows from dividends payments from its subsidiary entities and results of operations of Minera Boroo Misquichilca SA ('MBM') a gold mining company located in Peru and a 100% owned

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subsidiary of Boroo Singapore. While the financial outlook of MBM and Boroo Singapore is positive, the recoverability of the bonds is largely dependent on the commercial success of the MGM operation which is still in its early stages. The recoverability of the bonds is reliant on continued performance of the MBM mining operations and strong gold prices. As at December 31 2024, there were no indicators of default on the bond repayment and the Group will periodically review the factors affecting the bonds to ensure that they are adequately assessed and adjusted should the need arise.

(ii) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Group does not believe it has sufficient liquidity to meet its obligations, it will consider securing additional equity or debt funding.
The Group's cash is currently invested in bonds issued by Boroo Singapore and business accounts with high-credit quality financial institutions. The bonds issued by Boroo Singapore which are due for redemption on December 31, 2025 are reliant on cash flows from dividend payments from Boroo Gold and results of operations of MBM a gold mining company located in Peru and a 100% owned subsidiary of Boroo Singapore. While the financial outlook of MBM and Boroo Singapore is positive, the recoverability of the bonds is largely dependent on the commercial success of the MBM operation which is still in its early stages.

The Group’s financial obligations consist of accounts payable and other liabilities, purchase price payable, lease liability, streaming arrangement, long term loan as well as the loan liability and derivative components of the convertible debentures.

The maturity analysis of financial liabilities as at December 31, 2024, is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other	13,162	-	-	-	13,162
Dividend payable	2,001	-	-	-	2,001
Lease liability	310	306	-	-	616
Streaming arrangement	4,443	-	-	-	4,443
Convertible debentures – derivative	380	-	-	-	380
Convertible debentures – loan	-	2,477	-	-	2,477
Short term loans	19,590	-	-	-	19,590
Long term loans	-	90,634	22,402	1,516	114,552
BORO Bond	-	43,000	-	-	43,000
Triple Flag Gold Prepay Loan	6,914	-	-	-	6,914
Total	**46,800**	**136,417**	**22,402**	**1,516**	**207,135**

The maturity analysis of financial liabilities as at December 31, 2023 is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other	32,506	-	-	-	32,506
Short term loans	82,603	-	-	-	82,603
Long term loans	-	2,815	-	-	2,815
Total	**115,109**	**2,815**	**-**	**-**	**117,924**

(iii) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group’s interest rate risk includes potential decreases on the interest rate offered on cash held with chartered Canadian and Mongolian financial institutions. The Company considers the interest rate risk on cash held with chartered Canadian and Mongolian financial institutions to be immaterial. There is no interest rate risk on the short term

investments, convertible debentures and long term loans as the rates are fixed.

(b) Foreign currency risk
The Company has significant balances in US dollars that are subject to foreign currency risk. The Group is exposed to foreign currency risk on fluctuations related to cash, streaming arrangement, purchase price payable and convertible debentures that are denominated in US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollars compared to the Canadian dollar would affect net profit by $370 (gain) and $370 (loss) with all other variables held constant.

(iv) Commodity price risk
The profitability of the Group's operations and mineral resource properties relates primarily to the market price and outlook of gold and silver. Adverse changes in the price of certain raw materials can also significantly affect the Group's cash flows.

Gold and silver prices historically have fluctuated widely and are affected by numerous factors outside of the Group's control, including, but not limited to, industrial, residential and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative or hedging activities, macro-economic variables, geopolitical events and certain other factors related specifically to gold (including central bank reserves management).

To the extent that the price of gold and silver increases over time, the fair value of the Group's mineral assets increases and cash flows will improve; conversely, declines in the price of gold will reduce the fair value of mineral assets and cash flows. A protracted period of depressed prices could impair the Group's operations and development opportunities, and significantly erode shareholder value. To the extent there are adverse changes to the price of certain raw materials (e.g. diesel fuel), the Group's profitability and cash flows may be impacted. As the Group has commenced its production, it is monitoring gold and silver prices to identify measures that may be required to mitigate commodity price risk. Diesel fuel purchases are currently at spot price and are not considered material enough to require hedging to mitigate the price risk.

30. Capital risk management

The Group's objectives in managing its liquidity and capital are to safeguard the Group's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The capital structure of the Group consists of debt instruments and equity attributable to common shareholders, comprising of issued share capital, shares to be issued, warrants, contributed surplus, accumulated other comprehensive loss and deficit. The Group manages the 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 Group may attempt to issue new shares, issue new debt, acquire or dispose of assets to facilitate the management of its capital requirements. The Group defines capital as total debt less cash and equivalents and it is managed by management subject to approved policies and limits by the Board of Directors. The Group is not subject to any externally imposed capital requirements except for the covenants detailed in note 15 and note 16.

31. Restatement of financial statements

Upon completion of the Boroo Gold Transaction an exercise was undertaken to align the Group's accounting policies. In conjunction with preparation of the Company's financial statements for the year ended December 31, 2024, and as a result of the assessment performed on property, plant and equipment and exploration and evaluation assets, the Group concluded to change Boroo Gold's accounting policy on property, plant and equipment measurement from a revaluation model to the cost model and exploration and evaluation asset capitalization into expense to bring them in line with that Steppe Gold.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, changes in accounting policies and corrections of errors are generally accounted for retrospectively. Such changes result in adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The restatements presented in these financial statements have no impact on the company's cash flows. These adjustments were made purely for the purpose of aligning the accounting policies, and do not affect the financial position or results of operations of the company.

Boroo Gold previously measured its property, plant and equipment using revaluation model based on periodic valuations by a professional qualified valuer. Changes in fair value were recognized in Other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, was recognized in income statement. At the date of revaluation accumulated depreciation of the revalued freehold property was eliminated against the gross carrying amount of the asset and the net amount was restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is charged to income statement. On disposal of the asset the balance of the revaluation reserve was transferred to retained earnings.

Boroo Gold previously capitalized the exploration and evaluation costs incurred at Boroo Project and Ulaanbulag Project regardless of whether the costs incurred were for exploring new area or on the current area.

E&E expenditure incurred on licences where a Canadian NI 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a NI 43-101-compliant resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.
Upon the establishment of a NI 43-101-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets. Capitalised E&E expenditure is considered to be a tangible asset.
The alignment of policy resulted in changes to property, plant and equipment, revaluation reserve, retained earnings, deferred tax asset/liability, income tax expense, exploration and evaluation asset and exploration expenses.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Financial impact

The following tables summarise the effects of the restatement.

Selected line items restated in the Consolidated Statements of Financial Position:

	Dec 31, 2023 as originally reported	Adjustments	Dec 31, 2023 (restated)
ASSETS			
Current assets			
Cash	14,903	-	14,903
Prepayments	2,959	-	2,959
Receivables and other assets	1,922	-	1,922
Inventories	20,872	(20)	20,852
Total current assets	**40,656**	**(20)**	**40,636**
Long-term assets			
Property, plant and equipment	67,696	(19,432)	48,264
Investment in bond	156,442	-	156,442
Exploration and evaluation assets	2,198	(540)	1,658
Investment in securities	295	-	295
Total long-term assets	**226,631**	**(19,972)**	**206,659**
Total assets	**267,287**	**(19,992)**	**247,295**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and other liabilities	32,504	-	32,504
Current portion of long-term loans	82,603	-	82,603
Asset retirement obligation	132	-	132
Income tax payable	11,358	-	11,358
Total current liabilities	**126,597**	**-**	**126,597**
Long-term liabilities			
Long-term loans	2,815	-	2,815
Asset retirement obligation	12,002	-	12,002
Deferred tax liability	10,336	(7,637)	2,699
Total long-term liabilities	**25,153**	**(7,637)**	**17,515**
Total liabilities	**151,750**	**(7,637)**	**144,113**
Shareholders' equity			
Share capital	3,000	-	3,000
Revaluation surplus	28,053	(28,053)	-
Retained earnings	84,483	15,698	100,181
Total shareholders' equity	**115,536**	**(12,355)**	**103,181**
Total liabilities and shareholders' equity	**267,286**	**(19,992)**	**247,295**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The above restatement had an impact on the balance sheet as at December 31, 2022 with a decrease in property plant and equipment of $7,435, decrease in deferred tax liability of $1,874, decrease in revaluation reserve of $16,866, decrease in inventory of $55, decrease in E&E asset of $118 and increase in retained earnings of $11,132. The above restatement had an impact on the balance sheet as at December 31, 2021 with a decrease in property plant and equipment of $7,981, decrease in deferred tax liability of $1,874, decrease in revaluation reserve of $16,866, decrease in inventory of $140, decrease in E&E asset of $212 and increase in retained earnings of $10,407.

Selected line items restated in the Consolidated Statements of Income and Comprehensive Income:

	December 31, 2023 as originally reported	**Adjustments**	**December 31, 2023 (restated)**
Revenue	**132,055**		**132,055**
Cost of sales	(61,950)	719	(61,231)
Gross Profit	70,105		70,824
Exploration and evaluation expenditures	-	(211)	(211)
Corporate administration	(3,200)	33	(3,167)
Other operating income/(expenses)	(3,559)	4,181	622
Operating profit	63,345		68,068
Finance income/(expenses)	4,706		4,706
Other expenses	(519)		(519)
Net profit before tax	**67,532**		**72,255**
Income tax	(15,917)		(15,917)
Net profit after tax	**51,615**		**56,338**

Selected line items restated in the Consolidated Statements of Changes in Shareholder's Equity:

	as originally reported	**Adjustments**	**(restated)**
Retained earnings, January 1, 2022	**26,980**	**10,619**	**37,599**
Profit for the year, attributable to shareholders	35,843	401	36,244
Retained earnings, December 31, 2022	**62,823**	**11,020**	**73,843**
Profit for the year, attributable to shareholders	51,615	4,723	56,338
Dividend declared	(30,000)	-	(30,000)
Retained earnings, December 31, 2023	**84,438**	**15,743**	**100,181**
Revaluation reserve, January 1, 2022	16,866	-	16,866
Reversed revaluation reserve	-	(16,866)	(16,866)
Revaluation reserve, December 31, 2022	-	-	-
Reversed revaluation reserve	-	-	-
Revaluation reserve, December 31, 2023	**-**	**-**	**-**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Selected line items restated in the Consolidated Statements of Cash Flows:

	Dec 31, 2023 as originally reported	Adjustments	Dec 31, 2023 (restated)
Operating activities			
Net profit for the period	67,533	4,723	72,255
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	18,580	(752)	17,828
Amortisation of intangible assets	404		404
Loss/(Gain) on disposal of property, plant and equipment	183		183
Unrealised loss/(gain) from foreign exchange	938		938
Bad-debts expense	528		528
Impairment loss on property, plant and equipment	4,182	(4,182)	-
Unrealised loss/(gain) on investment securities	(5)		(5)
Financing charges	(3,152)		(3,152)
Operating cashflow beore changes in working capital	**89,191**	**(211)**	**88,979**
Changes in working capital items:			
(Increase)/decrease in inventories	(4,364)		(4,364)
(Increase)/decrease in trade and other receivables	(704)		(704)
(Increase)/decrease in trade and other payables	(2,762)		(2,762)
(Increase)/decrease in prepayments	558		558
Net cash generated by operations	**81,919**	**(211)**	**81,708**
Income taxes paid	(9,952)		(9,952)
Interest received	277		277
Net cash generated by operations	**72,244**	**(5,567)**	**72,032**
Investing activities			
Acquisition of property, plant and equipment	(10,284)	211	(10,073)
Acquisition of investments	(2,800)		(2,800)
Investment in securities	(290)		(290)
Purchase of intangible assets	(41)		(41)
Proceeds from disposal of property, plant and equipment	280		280
Investment in mines	(185)		(185)
Net cash used in investing activities	**(13,320)**	**211**	**(13,109)**
Financing activities			
Proceeds from loans and borrowings	-		-
Repayments of loans and borrowings	(34,146)		(34,146)
Interest paid on loans and borrowings	(11,866)		(11,866)
Net cash used in financing activities	**(46,012)**		**(46,012)**
Net (decrease)/increase in cash and cash equivalents	**12,912**		**12,911**
Effect of exchange rate fluctuations on cash held	-		
Cash and cash equivalents at 1 January 2023	1,991		1,992
Cash and cash equivalents at the end of period	**14,903**		**14,903**

32. Subsequent events

Statement of claim

On March 31, 2025, the Company was served with a Statement of Claim filed in the Ontario Superior Court of Justice in connection with a contractual dispute by Triple Flag Precious Metals Corp. ("Triple Flag"), naming the Company as the defendant. In the Statement of Claim, Triple Flag seeks delivery of 1,650 troy ounces of refined gold or contractual damages of approximately $5,000. The outcome of the proceeding is not determinable at this time.