



## Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in US Dollars)

(Unaudited)

**STEPPE GOLD LTD.****Condensed Interim Consolidated Statements of Financial Position**

(Unaudited)

(All dollar amounts expressed in thousands of United States Dollars)

		<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		7,076	47,132
Receivables and other assets	<b>3</b>	1,611	1,830
Receivables – ATC sale	<b>4</b>	3,239	4,037
Prepayments		5,666	2,986
Inventories	<b>5</b>	73,156	62,761
Investments in bond	<b>6</b>	100,388	97,050
<b>Total current assets</b>		<b>191,136</b>	<b>215,796</b>
<b>Long-term assets</b>			
Receivables – ATC sale	<b>4</b>	-	1,899
Exploration and evaluation assets		1,599	1,599
Property, plant and equipment	<b>7</b>	133,601	131,639
Long-term investments		212	317
Deferred tax asset		988	894
<b>Total long-term assets</b>		<b>136,400</b>	<b>136,348</b>
<b>Total assets</b>		<b>327,536</b>	<b>352,144</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	<b>8</b>	13,492	15,163
Streaming arrangement	<b>10</b>	6,915	4,443
Triple Flag Gold Prepay Loan	<b>12</b>	5,398	6,914
Short term loans	<b>13</b>	14,549	19,590
Current portion of lease liability		392	310
Current tax liability		7,092	17,973
Convertible debentures - derivative	<b>11</b>	1,589	380
<b>Total current liabilities</b>		<b>49,427</b>	<b>64,774</b>
<b>Long-term liabilities</b>			
Asset retirement obligation	<b>9</b>	17,247	16,970
Lease liability		380	306
Convertible debentures - loan liability	<b>11</b>	2,580	2,477
Long-term loans	<b>13</b>	89,347	114,552
BORO Bond	<b>14</b>	43,000	43,000
<b>Total long-term liabilities</b>		<b>152,554</b>	<b>177,305</b>
<b>Total liabilities</b>		<b>201,981</b>	<b>242,079</b>
<b>Shareholders' equity</b>			
Share capital	<b>15</b>	55,422	55,422
Accumulated other comprehensive loss		(1,655)	(1,571)
Retained earnings		71,854	56,242
<b>Total equity attributable to the owners of the Company</b>		<b>125,621</b>	<b>110,093</b>
Non-controlling interest		(66)	(28)
<b>Total shareholders' equity</b>		<b>125,555</b>	<b>110,065</b>
<b>Total liabilities and shareholders' equity</b>		<b>327,536</b>	<b>352,144</b>

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

**Approved on behalf of the Board:**

(Signed) "Bataa Tumur-Ochir", Director

(Signed) "Batjargal Zamba", Director

**STEPPE GOLD LTD.****Condensed Interim Consolidated Statements of Income and Comprehensive Income**

(Unaudited)

(All dollar amounts expressed in thousands of United States Dollars, other than share and per share amounts)

		<b>Three Months ended</b>		<b>Six Months ended</b>	
		<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Notes</b>		(Restated)		(Restated)
<b>Revenue</b>	<b>16</b>	<b>32,326</b>	<b>47,468</b>	<b>64,694</b>	<b>94,581</b>
Cost of sales	<b>17</b>	(16,367)	(16,621)	(31,262)	(35,781)
Gross profit		<b>15,959</b>	<b>30,847</b>	<b>33,432</b>	<b>58,800</b>
Exploration and evaluation expenditures		(174)	(53)	(180)	(106)
Corporate administration	<b>18</b>	(2,174)	(2,462)	(4,574)	(3,394)
Operating profit		<b>13,611</b>	<b>28,332</b>	<b>28,678</b>	<b>55,300</b>
Finance costs	<b>19</b>	(2,877)	(5,953)	(9,331)	(4,798)
Foreign exchange gain (loss)		691	(291)	1,152	(406)
<b>Net profit before tax</b>		<b>11,425</b>	<b>22,088</b>	<b>20,499</b>	<b>50,096</b>
<b>Income tax</b>		(2,442)	(7,735)	(4,925)	(13,643)
<b>Profit for the period</b>		<b>8,983</b>	<b>14,353</b>	<b>15,574</b>	<b>36,453</b>
<b>Other comprehensive income (loss) for the period</b>					
Items that may be reclassified subsequently to profit or loss:					
Cumulative translation adjustment		(155)	-	(84)	-
<b>Comprehensive income for the period</b>		<b>8,828</b>	<b>14,353</b>	<b>15,490</b>	<b>36,453</b>
Net profit attributable to shareholders of the Company		8,996	14,353	15,612	36,453
Net loss attributable to non-controlling interest		(13)	-	(38)	-
		<b>8,983</b>	<b>14,353</b>	<b>15,574</b>	<b>36,453</b>
<b>Basic net earnings per share</b>		0.036	0.100	0.062	0.254
<b>Diluted net earnings per share</b>		0.035	0.100	0.061	0.254
<b>Weighted average number of common shares outstanding - basic</b>	<b>20</b>	252,827,187	143,796,574	252,827,187	143,796,574
<b>Weighted average number of common shares outstanding - diluted</b>	<b>20</b>	257,238,952	143,796,574	257,238,952	143,796,574

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

**STEPPE GOLD LTD.****Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited)

(All dollar amounts expressed in thousands of United States Dollars)

<b>Six Months Ended</b>		<b>June 30, 2025</b>	<b>June 30, 2024</b>
	<b>Notes</b>	(Unaudited)	(Restated)
<b>Operating activities</b>			
<b>Net profit for the period before tax</b>		<b>20,499</b>	<b>50,096</b>
<u>Adjustments for non-cash items:</u>			
Change in the fair value of CD derivative		1,209	-
Fair value of Triple Flag Gold Prepay Loan	<b>12</b>	1,391	-
Fair value of TDB and Aranjin's shares		105	73
Accretion and financing costs		633	787
Depreciation		7,582	9,748
UR FX exchange		119	148
Change in the fair value of stream liability	<b>10</b>	2,472	-
Change in the fair value of ATC consideration	<b>4</b>	(151)	-
Interest expense	<b>19</b>	7,752	5,024
Interest income	<b>19</b>	(3,642)	(884)
<b>Operating cash flows before changes in non-cash working capital items</b>		<b>37,969</b>	<b>64,992</b>
<u>Changes in working capital items:</u>			
Inventories		(8,850)	2,536
Receivables and other assets		(2,156)	347
Amounts payable and other liabilities		1,318	(16,790)
<b>Cash generated from operations</b>		<b>28,281</b>	<b>51,085</b>
Income tax paid		(18,192)	(7,708)
<b>Net cash generated from operating activities</b>		<b>10,089</b>	<b>43,377</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(8,741)	(11,482)
Proceeds from ATC sale		3,032	-
<b>Net cash used in investing activities</b>		<b>(5,709)</b>	<b>(11,482)</b>
<b>Financing activities</b>			
Repayment of loans	<b>13</b>	(28,834)	(6,335)
Interest paid on loans	<b>13</b>	(12,435)	(6,556)
Interest paid on convertible debentures	<b>12</b>	(110)	-
Repayment of TF Gold prepay loan		(2,907)	-
Lease payments		(150)	-
Dividend declared		-	(21,764)
<b>Net cash used in financing activities</b>		<b>(44,436)</b>	<b>(34,655)</b>
<b>Net decrease in cash</b>		<b>(40,056)</b>	<b>(2,760)</b>
Cash at the beginning of the period		47,132	14,903
<b>Cash at the end of the period</b>		<b>7,076</b>	<b>12,143</b>

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

**STEPPE GOLD LTD.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****For the six months ended June 30, 2025 and 2024**

(All dollar amounts expressed in thousands of United States Dollars, other than share amounts)

(Unaudited)

	Notes	Number of shares	Share capital	Accumulated other comprehensive loss	Retained Earnings	Sub-total	Non- controlling interest Corundum	Total equity
			\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2023 (Restated)</b>		3,000,000	<b>3,000</b>	-	<b>97,463</b>	<b>100,463</b>	-	<b>100,463</b>
Dividend declared		-	-	-	(86,764)	(86,764)	-	(86,764)
Profit for the period		-	-	-	36,453	36,453	-	36,453
<b>Balance as at June 30, 2024 (Restated)</b>		<b>3,000,000</b>	<b>3,000</b>	-	<b>47,152</b>	<b>50,152</b>	-	<b>50,152</b>
<b>Balance as at December 31, 2024</b>		<b>252,827,187</b>	<b>55,422</b>	<b>(1,571)</b>	<b>56,242</b>	<b>110,093</b>	<b>(28)</b>	<b>110,065</b>
Comprehensive income		-	-	(84)	15,612	15,528	(38)	15,490
<b>Balance as at June 30, 2025</b>		<b>252,827,187</b>	<b>55,422</b>	<b>(1,655)</b>	<b>71,854</b>	<b>125,621</b>	<b>(66)</b>	<b>125,555</b>

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

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2025 and 2024

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

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### 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 condensed interim consolidated financial statements for the three and six months ended June 30, 2025, comprise the Company and its subsidiaries including Boroo Gold LLC ("Boroo Gold") (together referred to as the "Group"). The comparative figures for the three and six months ended June 30, 2024 are comprised of Boroo Gold only.

#### Reverse Acquisition

On August 1, 2024, the Company acquired all of shares of Boroo Gold in exchange for 143,796,574 common shares of the Company, representing 55.9% of the fully diluted common shares immediately prior to the closing date. The acquisition was completed pursuant to a share exchange agreement with Centerra Netherlands BVBA ("Centerra") and Boroo Pte Ltd. ("Boroo Singapore") (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.

Following completion of the Boroo Gold Transaction it was determined that Boroo Singapore controlled the Company and therefore Boroo Gold, as a 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.

#### Operations

The Group is focused on operating, developing, exploring and acquiring precious metal projects in Mongolia. The Company's 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 the "Boroo Project"). The Boroo Project is located in Selenge Aimag and 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.

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2025 and 2024

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

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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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed interim 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, 2024, available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as some disclosures from the annual consolidated financial statements have been condensed or omitted.

The condensed interim consolidated financial statements include the financial and operating performance of the Group for the three and six months ended June 30, 2025, and financial and operating performance of Boroo Gold for the three and six months ended June 30, 2024. The accounting policies of Boroo Gold and the Company have been brought into alignment in these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 12, 2025.

These condensed interim consolidated financial statements have been prepared in US dollars ("USD"), which is the Group's presentation currency. As of June 30, 2025, 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, available debt facilities, and the outlook for the gold price supports the position that the Group will maintain its liquidity for the next 12 months and currently has sufficient financing arrangements in place to support ongoing operations and further expansion.

### Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned and controlled subsidiaries as at and for the three and six months ended June 30, 2025 and of Boroo Gold for the comparative three and six months ended June 30, 2024 as set out below:

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

### For the three and six months ended June 30, 2025 and 2024

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

Company Name	Country of Incorporation	Nature of Operations	Ownership Interest June 30, 2025
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 Oropu 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%

## 2. Material accounting policies

The accounting policies and significant judgements applied by the Group in these consolidated financial statements are consistent with those applied by the Group in its consolidated annual financial statements for the year ended December 31, 2024.

### Adoption of new and revised Standards

While there have been no new IFRS Accounting Standards that have come into force as of January 1, 2025, the Group has adopted 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, 2025:

#### 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. The amendments were adopted effective January 1, 2025 and did not have a material impact on the Group's consolidated financial statements.

## 3. Receivables and other assets

	June 30, 2025	December 31, 2024
	\$	\$
Receivables from related party	47,527	48,333
Provision for impairment of related party receivables	(47,527)	(48,197)
Tax receivable	205	195
Deposit	401	297
Other receivables	1,005	1,202
<b>Total receivables and other assets</b>	<b>1,611</b>	<b>1,830</b>

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

Receivables from related parties consist of receivables from Centerra Gold Mongolia LLC ("CGM"). These receivables do not bear interest and the Group does not hold any collateral as security. The Group previously recognized an impairment loss on its receivable from 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.



# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

### For the three and six months ended June 30, 2025 and 2024

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

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 on April 9, 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.

#### 4. ATC sale

On April 11, 2024, the Company sold the Tres Cruces Project to Boroo Singapore for CAD\$11.7 million in cash, payable over 18 months beginning as of August 1, 2024. On September 17, 2024, the Company received \$2,008 in cash. On February 11, 2025, the Company received a further \$3,032 from the ATC sale receivable amount and the proceeds were used as settlement of 1,000 ounces of gold in partial repayment of the Triple Flag Gold Prepay Loan (Note 12).

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
<b>Total receivable for ATC sale</b>					<b>7,658</b>
Proceeds from ATC sale					(1,996)
Fair value adjustment					505
Foreign exchange difference					(231)
<b>Receivable for ATC sale as at December 31, 2024</b>					<b>5,936</b>
Proceeds from ATC sale					(3,032)
Fair value adjustment					151
Foreign exchange difference					184
<b>Receivable for ATC sale as at June 30, 2025</b>					<b>3,239</b>

Subsequent to June 30, 2025, the Company received additional ATC sale proceeds of \$1,218. The remaining receivable amount is expected to be received by the end of January 2026.

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2025 and 2024

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

### 5. Inventories

	June 30, 2025	December 31, 2024
	\$	\$
Stockpiles of ore	29,460	21,813
Gold in circuit	32,690	32,502
Finished goods	1,346	51
Consumables and supplies	9,660	8,395
<b>Total inventories</b>	<b>73,156</b>	<b>62,761</b>

The Group's inventory as at June 30, 2025 amounted to \$73,156 and as at December 31, 2024 was \$62,761. Inventories include warehouse consumables, ore stockpiles, gold in circuit and finished gold included in finished goods.

Stockpiles of ore included 53,105 ounces valued at \$29,460 at June 30, 2025, compared to 33,433 ounces valued at \$21,813 as at December 31, 2024. Gold in circuit included 21,892 ounces valued at \$32,690 as at June 30, 2025, compared to 23,106 ounces valued at \$32,502 at December 31, 2024.

Finished goods inventory represents gold ounces located at the mine, 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.

### 6. Investments in bond

The table below represents the continuity of investments in bond:

	June 30, 2025	December 31, 2024
<b>Balance at beginning of period</b>	<b>97,050</b>	<b>156,442</b>
Accrued interest income	3,338	3,455
Offset - dividends	-	(65,000)
Reversal of credit loss allowance	-	2,153
<b>Total investments in bond</b>	<b>100,388</b>	<b>97,050</b>

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 with operations located in Peru, which is a 100% owned subsidiary of Boroo Singapore. The bonds are callable in certain circumstances and they mature on December 31, 2025.

IFRS 9 – Financial Instruments requires a company to reassess impairment of financial instruments based on an expected credit loss model and adjust the impairment allowances where necessary. An assessment was performed as at December 31, 2024 and there were no impairment factors identified and the Group concluded that the investments in bonds were fully recoverable under current conditions. As a result, previously recognized expected credit losses of \$2,153 were reversed during the year ended December 31, 2024. At June 30, 2025, there was no change to the previous assessment.

A summary of the outstanding investment in bonds is as follows:

1. On October 31, 2019, Boroo Gold subscribed for \$40,000 in 40,000 bonds with \$1 par value of which \$1,000 was outstanding at June 30, 2025 plus accumulated accrued interest of \$7,843. The bonds bear interest at 8% per annum and mature on December 31, 2025. Interest income of \$40 was recognized during the six months ended June 30, 2025 (June 2024 - \$62 due to reversal of \$382 interest).
2. On March 3, 2021, Boroo Gold subscribed for \$100,000 in 10,000 bonds with \$10 par value of which \$51,337 was outstanding at June 30, 2025 plus accumulated accrued interest of \$35,727. The bonds bear interest at 12.5% per annum and mature on December 31, 2025. Interest income of \$3,182 was recognized during the six months ended June 30, 2025 (June 2024 - \$505 due to reversal of \$3,091 interest).

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

### For the three and six months ended June 30, 2025 and 2024

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

3. On May 12, 2022, Boroo Gold subscribed for \$8,000 in 800 bonds with \$10 par value of which \$1,000 was outstanding at June 30, 2025 plus accumulated accrued interest of \$1,443. The bonds bear interest at 10% per annum and mature on December 31, 2025. Interest income of \$50 was recognized during the six months ended June 30, 2025 (June 2024 - \$44 due to reversal of \$271 interest).
4. On September 28, 2022, Boroo Gold subscribed for \$5,000 in 500 bonds with \$10 par value of which \$1,000 was outstanding at June 30, 2025 plus accumulated accrued interest of \$1,038. The bonds bear interest at 13.4% per annum and mature on December 31, 2025. Interest income of \$66 was recognized during the six months ended June 30, 2025 (June 2024 - \$39 due to reversal of \$241 interest).

## 7. Property, plant and equipment

	Property and Equipment	Mineral Property	Equipment under construction	Right-of- use asset	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
<b>Balance at January 1, 2024</b>	<b>152,600</b>	<b>37,414</b>	<b>1,516</b>	<b>-</b>	<b>191,530</b>
Additions	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)	-	-
<b>Balance at December 31, 2024</b>	<b>180,983</b>	<b>49,778</b>	<b>57,515</b>	<b>702</b>	<b>288,978</b>
Additions (disposals)	5,249	(261)	5,679	309	10,976
<b>Balance at June 30, 2025</b>	<b>186,232</b>	<b>49,517</b>	<b>63,194</b>	<b>1,011</b>	<b>299,954</b>
<b>Accumulated depreciation</b>					
<b>Balance at January 1, 2024</b>	<b>108,395</b>	<b>33,212</b>	<b>-</b>	<b>-</b>	<b>141,607</b>
Additions	15,106	561	-	64	15,732
<b>Balance at December 31, 2024</b>	<b>123,501</b>	<b>33,773</b>	<b>-</b>	<b>64</b>	<b>157,339</b>
Additions (disposals)	8,622	257	-	135	9,014
<b>Balance at June 30, 2025</b>	<b>132,123</b>	<b>34,030</b>	<b>-</b>	<b>199</b>	<b>166,353</b>
<b>Net book value</b>					
Balance at December 31, 2024	57,482	16,005	57,515	638	131,639
<b>Balance at June 30, 2025</b>	<b>54,109</b>	<b>15,487</b>	<b>63,194</b>	<b>811</b>	<b>133,601</b>

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 \$40,000 in milestone payments 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 June 30, 2025. The Contract Amount is expected to be fully funded by a project finance package (as described in Note 13) that has been made available to Steppe Gold and its affiliates by TDB and TDB Capital.

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2025 and 2024

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### ***Pledge on items of property, plant and equipment***

As at June 30, 2025, 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 10). Steppe Mongolia's licenses, movable properties and immovable properties were pledged under the 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 June 30, 2025, buildings and certain plant and equipment were pledged for obtaining loans from TDB and MIK (Note 13).

### ***Right-of-use assets***

The right-of-use assets relate to office lease and light motor vehicles lease amounting to \$811 as at June 30, 2025 (December 31, 2024: \$638). The Company leased a new office space with a term of 5 years in the six months ended June 30, 2025 resulting in an increase to right of use assets of \$309.

### ***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 three and six months ended June 30, 2025 and year ended December 31, 2024, 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.

The impact of this accounting policy change is summarized in Note 26.

## **8. 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.

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Amounts payable	11,469	11,374
Accrued liabilities	1,375	1,297
Dividend payable	-	2,001
Taxes payable	508	433
Other payables	140	58
<b>Total amounts payable and other liabilities</b>	<b>13,492</b>	<b>15,163</b>

## **9. 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 of 11.16% for the ATO Project and 11.12% for the Boroo Project. These discount rates reflect 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

# STEPPE GOLD LTD.

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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.

The provision for environmental rehabilitation relates to reclamation and closure costs of the ATO Project and Boroo Project.

A summary of the Company's asset retirement obligations as at June 30, 2025 and December 31, 2024 are presented below:

	June 30, 2025	December 31, 2024
	\$	\$
<b>Balance at beginning of period</b>	<b>16,970</b>	<b>12,134</b>
Steppe Gold – ARO addition	-	2,923
Movements	-	(831)
Accretion	911	1,469
Change in estimate of asset retirement obligation	-	1,275
Foreign exchange	(634)	-
<b>Balance end of the period</b>	<b>17,247</b>	<b>16,970</b>

#### 10. Streaming arrangement

In connection with the acquisition of ATO 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 Limited ("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 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 the 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 the 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 Steppe Gold's promissory note on completion of the acquisition of ATO ("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").

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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.

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 Group has not made any deliveries under the Streaming Arrangement since October 21, 2024. As at June 30, 2025, Steppe Gold was in default of its delivery obligations under the Stream Agreement. Under the terms of the Stream Agreement, Triple Flag was entitled to receive 1,139 ounces of gold and 8,332 ounces of silver in respect of production from the ATO mine up to June 30, 2025. Steppe Gold is in discussions with Triple Flag to address this matter.

The continuity of the streaming liability is presented as follows:

	June 30, 2025 \$	December 31, 2024 \$
<b>Balance, beginning of the period</b>	<b>4,443</b>	<b>-</b>
PPA Fair value of stream liability	-	8,740
Fair value movement for the period	2,472	(1,254)
Repayment	-	(3,043)
<b>Balance, end of the period</b>	<b>6,915</b>	<b>4,443</b>

### 11. Convertible Debenture

On January 27, 2022, the Chairman and 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 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 2.62% based on 3-year Canadian Government bond yields, an expected dividend yield of 0%, volatility rates of 55.76% based on the Company's historical stock price, and an expected life of 1.58 years.

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

	June 30, 2025 \$	December 31, 2024 \$
<b>Balance, beginning of the period</b>	<b>2,477</b>	<b>-</b>
PPA Fair value of convertible debenture liability	-	2,400
Accretion	303	246
Interest	(200)	(169)
<b>Balance, end of the period</b>	<b>2,580</b>	<b>2,477</b>

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

	June 30, 2025 \$	December 31, 2024 \$
<b>Balance, beginning of the period</b>	<b>380</b>	<b>-</b>
PPA Fair value of convertible debenture derivative	-	573
Fair value movement for the period	1,209	(193)
<b>Balance, end of the period</b>	<b>1,589</b>	<b>380</b>

## 12. Triple Flag Gold Prepay Loan

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

	June 30, 2025 \$	December 31, 2024 \$
<b>Balance, beginning of the period</b>	<b>6,914</b>	<b>-</b>
PPA Fair value of Gold prepay loan	-	6,505
Repayments	(2,907)	-
Fair value movement for the period	1,391	409
<b>Balance, end of the period</b>	<b>5,398</b>	<b>6,914</b>

On March 15, 2024, Steppe Gold entered into a Gold prepayment loan agreement with Triple Flag related to a \$5,000 advance. The repayment term was five months, starting on August 15, 2024, with five monthly deliveries of 530 ounces each, totalling 2,650 ounces of gold.

On February 11, 2025, the Company repaid 1,000 ounces of gold out of the total 2,650 ounces owed. The balance of 1,650 ounces remains owing to Triple Flag. The Company and Triple Flag are in ongoing discussions regarding the settlement of the remaining loan payments in conjunction with ongoing negotiations with its partners for the financing of the ATO Phase 2 Expansion.

The Triple Flag Gold Prepay Loan was revalued using the London Bullion Market Association gold price and a loss on fair value revaluation of \$1,391 was recognized in the condensed interim consolidated statements of income and comprehensive income for the six months ended June 30, 2025 (fiscal 2024: loss of \$409).

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#### 13. Loans payable

Details of loans payable outstanding at June 30, 2025 and December 31, 2024 were as follows:

	June 30, 2025	December 31, 2024
	\$	\$
ATO Phase 2 Loan (i)	49,600	49,577
TDB Line of Credit – USD (ii)	-	20,000
TDB Line of Credit – MNT (ii)	-	1,982
TDB Gold II Loan (iii)	2,154	2,152
TDB Blue Sky office loan (iv)	1,788	2,045
TDB Leasing – MIK (v)	47,734	48,734
TDB Jarden apartment loan (vi)	293	365
TDB Green Loan (vii)	-	455
TDB New fleet loan (viii)	-	5,068
Loan interest payable	2,327	3,764
<b>Balance end of period</b>	<b>103,896</b>	<b>134,142</b>
Less: current portion	(14,549)	(19,590)
Long-term portion	<b>89,347</b>	<b>114,552</b>

The continuity of loans payable is as follows:

	June 30, 2025	December 31, 2024
	\$	\$
<b>Balance beginning of the period</b>	<b>134,142</b>	<b>85,418</b>
Steppe Gold loan at acquisition	-	2,888
ATO phase 2 loan	-	49,577
Additions	-	28,784
Repayments	(28,834)	(34,051)
Accrued interest	10,580	9,757
Interest paid	(12,435)	(9,022)
Foreign exchange	443	791
<b>Balance end of the period</b>	<b>103,896</b>	<b>134,142</b>

- (i) In July 2023, Steppe Gold 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 were comprised of 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. In August 2023, Steppe Gold signed a loan agreement for the first tranche of \$50,000, which incurs interest at a rate of 13.40% per annum for a term of 48 months, repayable in five equal instalments every six months from August 30, 2025, to August 30, 2027. As at June 30, 2025, a total of \$49,600 was drawn under the ATO Phase 2 Loan (December 31, 2024 - \$49,577). As at June 30, 2025, \$10,000 of the ATO Phase 2 Loan was classified as a current liability (December 31, 2024 - \$10,000). The Group is engaged in ongoing discussions with TDB and affiliated entities, as well as Triple Flag regarding a definitive financing structure for the Phase 2 Expansion.
- (ii) In January 2024, Boroo Gold entered into a credit agreement with TDB that provides up to a maximum of \$20,000 in financing at an interest rate of 15% per annum and up to a maximum of \$30,000 equivalent MNT in financing at an interest rate of 18% per annum for a period of 60 months. As at June 30, 2025, the loan balances were fully repaid. At December 31, 2024, there was \$20,000 outstanding pursuant to the USD credit loan and \$1,982 outstanding pursuant to the MNT credit loan.
- (iii) In November 2021, Steppe Gold entered into a loan agreement with TDB for MNT 170 billion (\$59,700) (the "TDB Gold II Loan") which is a covenant light loan and incurs interest of 9% per annum for a term of 36 months facilitated under the Central Bank of Mongolia "Gold 2" program. The funds under the TDB Gold



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II Loan were advanced based on a conditional agreement between the Central Bank of Mongolia and TDB, which was completed on November 10, 2021. In order to secure the obligations under the TDB Gold II 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 TDB and Triple Flag. As at June 30, 2025, a total of MNT 162.5 billion was repaid and the remaining balance was MNT 7.5 billion (\$2,154). The repayment date for the remaining balance was extended to August 30, 2025 and incurs interest at a rate of 18% per annum.

- (iv) In July 2019, Boroo Gold entered into a loan agreement with TDB for gross proceeds of \$3,104, incurring interest at a rate of 14.4% per annum and repayable over a term of 180 months, to finance the purchase of office property (the "TDB Blue Sky office loan"). Boroo Gold pledged the office property as collateral for this loan.
- (v) In April 2021, Boroo Gold entered into a loan agreement with TDB Leasing LLC for gross proceeds of \$55,000, incurring interest at a rate of 12.3% per annum for an initial period of 33 months ("TDB Leasing – MIK"). In 2024, the maturity date of the loan was extended until December 31, 2026 and the interest rate revised to 14.8% per annum. A repayment of \$1,000 was made in June 2025 with the balance repayable on the maturity date. In addition, in 2024, the loan agreement was transferred to Mongolian Mortgage Corporation HFC LLC ("MIK"). Interest payable on this loan at June 30, 2025 was \$368 (December 31, 2024 - \$3,142).
- (vi) In November 2020, Boroo Gold entered into a loan agreement with TDB for MNT 1.7 billion (\$507) for the purpose of acquiring a property (the "TDB Jarden apartment loan"). The loan incurs interest at a rate of 14.4% per annum and is repayable over a period of 180 months.
- (vii) In March 2022, the Boroo Gold entered into a loan agreement under the Green Loan Program with TDB for MNT 2 billion (\$592) for the purpose of carrying out green projects and programs that are environmentally friendly, mitigate climate change, and reduce greenhouse gas emissions (the "TDB Green Loan"). The loan incurred interest at a rate of 12% per annum and was fully repaid as at June 30, 2025.
- (viii) In January 2024, Boroo Gold entered into an equipment loan agreement with TDB (the "TDB New Fleet loan") for MNT 20 billion (\$5,915) for the purpose of acquiring equipment for Boroo Gold's business operation. The loan incurred interest at a rate of 18% per annum and was fully repaid as at June 30, 2025.

#### 14. BORO Bond

On December 5, 2024, Boroo Gold issued a "BORO" bond offering in the Mongolian domestic over-the-counter market with a third-party Mongolian mortgage provider totalling \$43,000 to finance working capital and improvements in equipment for operations (the "Bond Agreement"). The bond incurs interest at a rate of 12.3% per annum, payable on a semi-annual basis, and the maturity date is 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 has guaranteed that funds will be used for the purposes outlined in the Securities Prospectus (as defined in the Bond Agreement).

Accrued and payable interest for BORO bond was \$362 (December 31, 2024 - \$377) as at June 30, 2025.

#### 15. 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.

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Common shares issued:

	Number of common shares	\$
<b>Balance at December 31, 2023</b>	<b>3,000,000</b>	<b>3,000</b>
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)	-
<b>Balance at December 31, 2024</b>	<b>252,827,187</b>	<b>55,422</b>
<b>Balance at June 30, 2025</b>	<b>252,827,187</b>	<b>55,422</b>

- (i) On August 1, 2024, the Company completed 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 11) which is convertible into 4,411,765 common shares.

As per the reverse acquisition of Steppe Gold, 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.

## 16. Revenue

Revenue by metal for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2025	June 30, 2025	June 30, 2024
	\$	\$	\$	\$
Gold revenue	32,246	47,349	64,108	94,363
Silver revenue	80	119	586	218
<b>Total</b>	<b>32,326</b>	<b>47,468</b>	<b>64,694</b>	<b>94,581</b>

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 the six months ended June 30, 2025 amounted to \$64,108 on sales of 30,669 gold ounces, and \$586 on sales of 22,305 silver ounces. Average realized prices for the six months ended June 30, 2025, were \$2,090 per gold ounce and \$26 per silver ounce, respectively.

Revenue for the six months ended June 30, 2024 amounted to \$94,363 on sales of 44,506 gold ounces, and \$218 on sales of 9,000 silver ounces. Average realized prices for the six months ended June 30, 2024, were \$2,120 per gold ounce and \$24 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 was to run 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; with any shortfalls of monthly deliveries to be made up 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 time in planning its delivery schedule. Boroo Gold fulfilled the forward contract on June 10, 2025 and has subsequently started selling gold production at spot price.

During the six months ended June 30, 2025, Boroo Gold sold a total of 28,054 ounces of gold (year ended December 31, 2024: 21,947 ounces) to TDB in accordance with the forward sales contract.

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#### 17. Cost of sales

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Contractors	2,048	1,986	3,794	4,031
Employee compensation	2,309	1,736	4,445	3,567
Materials and consumables	4,304	5,067	8,550	10,783
Other expenses	1,513	612	3,114	2,709
Change in inventory	(362)	-	(783)	-
Depletion and depreciation	4,039	4,655	7,332	9,748
Royalties	2,516	2,565	4,810	4,943
<b>Total</b>	<b>16,367</b>	<b>16,621</b>	<b>31,262</b>	<b>35,781</b>

#### 18. Corporate administration

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Management compensation	440	-	732	-
Staff payroll and related costs	676	838	1,452	1,485
Professional fees	397	737	845	737
Investor relation	75	353	275	353
Corporate social responsibility	117	50	219	61
Direct general administrative	469	484	1,051	758
<b>Total</b>	<b>2,174</b>	<b>2,462</b>	<b>4,574</b>	<b>3,394</b>

#### 19. Finance costs

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Accretion on convertible debentures	154	-	303	-
Accretion on lease liability	30	-	57	-
Accretion on asset retirement obligation	451	340	911	679
Interest on loans	3,610	2,894	7,752	5,024
Interest on bond investment	(1,678)	2,835	(3,338)	(651)
Interest on current account	(170)	(102)	(304)	(233)
Change in fair value of convertible debentures	1,182	-	1,204	-
Changes in present value of asset retirement obligation	-	-	-	1
Fair value of streaming arrangement	(505)	-	2,472	-
Change in fair value of long-term investment	20	30	92	74
Change in fair value of ATC sale consideration	(32)	-	(151)	-
Change in fair value of Triple Flag Gold Prepay Loan	330	-	1,391	-
Bad debts	(313)	128	(669)	256
Other finance income/expense	(202)	(172)	(389)	(352)
<b>Total</b>	<b>2,877</b>	<b>5,953</b>	<b>9,331</b>	<b>4,798</b>

#### 20. Net earnings 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

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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.

#### ***Profit or loss amounts***

The profit or loss of Boroo Gold was used for the comparative three and six months ended June 30, 2024.

Net profit attributable to common shareholders was \$15,612 (June 30, 2024: \$36,453) and the weighted average number of common shares outstanding - basic and diluted for the six months ended June 30, 2025 was 252,827,187 and 257,238,952 (June 30, 2024: basic 143,796,574 and diluted 143,796,574), respectively.

Net profit attributable to common shareholders was \$8,996 (June 30, 2024: \$14,353) and the weighted average number of common shares outstanding - basic and diluted for the three months ended June 30, 2025 was 252,827,187 and 257,238,952 (June 30, 2024: basic 143,796,574 and diluted 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
<b>Exchange ratio for share issuance (B/A)</b>		<b>48</b>
<b><i>Three and six months ended June 30, 2024</i></b>		
Period	Calculation	Number of shares
January 1 – June 30, 2024	3,000,000 shares	3,000,000
	* by exchange ratio	48
		143,796,574
<b>Total Basic and Diluted weighted average number of outstanding shares</b>		<b>143,796,574</b>

## 21. 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 is 100% owned by Steppe Gold, whose majority shareholder is now Boroo Singapore through its acquisition of 55.9% of the shares of Steppe Gold. Boroo Singapore is 70% owned by Eminent Stride Limited BVI and 10% owned by Mr. Dulguun Erdenebaatar, a director of the Company. 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.

Boroo Singapore's consolidated financial statements are available for public use at Singapore registry (ACRA) and TDB Capital does not produce consolidated financial statements available for public use as it is a private exempt company.

# STEPPE GOLD LTD.

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The following are details of related party transactions during the six months ended June 30, 2025 and 2024:

Related Party	Relationship	Nature of transaction	June 30, 2025	June 30, 2024
			\$	\$
Boroo Singapore	Immediate holding company	Bonds purchased (i)	-	-
Boroo Singapore	Immediate holding company	Interest receivable (i)	3,338	651
TDB Leasing	Associated company of ultimate holding company	Project financing (ii)	-	(8,747)
TDB	Associated company of ultimate holding company	Project financing (ii)	(27,619)	(860)
TDB	Associated company of ultimate holding company	Forward contract sales (iii)	56,168	27,398
Centerra Gold Mongolia LLC	Subsidiary of Boroo Singapore	Centerra financing (iv)	669	50
Bataa Tumur-Ochir	Chairman and CEO	Convertible debenture (v)	(109)	-

*(i) Bonds purchased and interest receivable*

As at June 30, 2025, the Group held investment bonds issued by Boroo Singapore in the total amount of \$100,388, including accumulated interest receivable of \$46,051 with a maturity date of December 31, 2025. During the six months ended June 30, 2025, the bonds accrued interest of \$3,338 (June 30, 2024: \$651, due to interest reversal of \$3,985). See Note 6 for additional information regarding these bonds.

*(ii) TDB and its subsidiaries*

As at June 30, 2025, Boroo Gold and Steppe Gold had several loans with TDB totalling \$55,431 (December 31, 2024: \$82,265), with interest rates ranging from 12% to 18% (Note 13).

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 provide up to \$150,000 in project financing to fully fund the construction and completion of the ATO Phase 2 Expansion. The balance of this loan was \$49,600 at June 30, 2025 (December 31, 2024 - \$49,577).

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

	June 30, 2025	December 31, 2024
	\$	\$
<b>Balance at beginning of the year</b>	<b>82,265</b>	<b>85,418</b>
Steppe Gold Loan at acquisition	-	52,465
Additions	-	28,784
Transferred to MIK	-	(51,876)
Repayments	(27,834)	(34,051)
Accrued interest	1,560	9,757
Interest paid	(632)	(9,022)
Foreign exchange	72	790
<b>Balance end of the period</b>	<b>55,431</b>	<b>82,265</b>

*(iii) 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 initially ran 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

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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 time in planning its delivery schedule. Boroo Gold fulfilled the terms of the forward sales contract on June 10, 2025. The Group has applied the 'own use' exemption under IFRS 9 in accounting for the forward sales contract with TDB.

#### (iv) CGM financing

From 2018 to July 31, 2024, Boroo Gold financed the CGM operations totalling \$47,527. Boroo Gold assessed the credit risk of the CGM financing and recognized an accumulative impairment loss of \$47,527 as at July 30, 2024 and remained the same as at June 30, 2025.

#### (v) Convertible debentures

On January 27, 2022, the CEO of the Company, Mr. Bataa Tumur-Ochir, acquired \$3,000 convertible debentures of the Company from 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 \$2,580 and the fair value of the derivative portion was \$1,589 as at June 30, 2025.

Balances due to related parties:

Related Party	Relationship	June 30, 2025 \$	Dec 31, 2024 \$
TDB	Associated company of ultimate holding company	55,431	82,265
Bataa Tumur-Ochir	Chairman and CEO	4,169	2,858

Balances due from related parties:

Related Party	Relationship	June 30, 2025 \$	Dec 31, 2024 \$
Centerra Gold Mongolia LLC	Subsidiary of Boroo Singapore	47,527 <sup>1</sup>	48,333 <sup>1</sup>
Boroo Singapore	Immediate holding company	100,388	97,050

<sup>1</sup> The balances outstanding were fully impaired as at end of respective financial periods.

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
Batjargal Zamba	Non Executive Director
Sereenen Jargalan	Non Executive Director
Steve Haggarty	Non Executive Director until August 1, 2024

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Marina Lerner	Non Executive Director
Dulguun Erdenebaatar	Non-Executive Director effective August 14, 2024
Tserenbadam Dugeree	Director effective August 1, 2024

As at June 30, 2025, outstanding directors' fees to non-executive directors were \$102.

## 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 Tumor-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	Former Vice President Exploration
Tserenbadam Dugeree	Chief Operating Officer

During the three and six months ended June 30, 2025 and 2024, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Management fees paid to key personnel	490	48	776	190
Non-executive directors	24	-	48	-
<b>Total</b>	<b>514</b>	<b>48</b>	<b>824</b>	<b>190</b>

As at June 30, 2025, key management personnel were owed \$440 of accrued bonuses and management fees for previous periods (December 31, 2024: \$274).

## 22. 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
- 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

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

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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 June 30, 2025.
- 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 2.62% based on 3-year Canadian Government bond yields, an expected dividend yield of 0%, volatility rates of 55.76% based on the Company's historical stock price, and an expected life of 1.58 years (Note 11).
- 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 June 30, 2025, and the contractual terms of the Triple Flag agreement (Note 10).

<b>Fair value at June 30, 2025</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Assets</u>				
Cash	7,076	7,076	-	-
Long term investments	212	212	-	-
Investment in bond	100,388	-	100,388	-
	<b>107,676</b>	<b>7,288</b>	<b>100,388</b>	-
<u>Liabilities</u>				
Convertible debenture derivative	1,589	-	1,589	-
Short term loans	14,549	14,549	-	-
Long term loans	89,347	89,347	-	-
Triple Flag Gold Prepay Loan	5,398	-	5,398	-
Streaming arrangement	6,915	-	6,915	-
	<b>117,798</b>	<b>103,896</b>	<b>13,902</b>	-
<b>Fair value at December 31, 2024</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Assets</u>				
Cash	47,132	47,132	-	-
Long term investment	317	317	-	-
Investment in bond	97,050	-	97,050	-
	<b>144,499</b>	<b>47,449</b>	<b>97,050</b>	-
<u>Liabilities</u>				
Convertible debenture derivative	380	-	380	-
Short term loans	19,590	19,590	-	-
Long term loans	114,552	114,552	-	-
Triple Flag Gold Prepay Loan	6,914	-	6,914	-



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Streaming arrangement	4,443	-	4,443	-
	<b>145,879</b>	<b>134,142</b>	<b>11,737</b>	<b>-</b>

#### *Embedded derivatives*

The Company has issued a convertible debenture which contain an embedded derivative component (Note 11). 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%	323	(307)
Exercise price	10%	(149)	165
Volatility rate	10%	80	(79)
Discount rate	0.5%	3	(3)

#### *Streaming arrangement*

In connection with the acquisition of ATO, the Company's subsidiaries entered into 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%	692	(691)
Discount rate	10%	(189)	212

## 23. Contingencies

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims with vendors. Apart from the matter identified below, 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.

#### *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 Company delivered a Statement of Defence on May 7, 2025. The outcome of the proceeding is not determinable at this time.

## 24. 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).

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#### (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, receivables and other assets and investment in bonds. 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 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 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 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 June 30, 2025, 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 primary source of funds now available to the Group is from operating cash flows from its operating mines, maturity of bond receivables, short term intercompany loans and equity financing. The Group has in place a planning and budgeting process to help determine the funds required to support the Group's normal operating requirements on an ongoing basis, to support its exploration plans and to ensure that it will have sufficient liquidity to meet its liabilities when due. However, any significant change in the operation of the Group could effect this. To the extent the Group does not believe it has sufficient liquidity to meet these obligations, management may consider securing additional funds through equity or debt transactions. Metal prices, the mining industry, revenue taxes, transportation and other operating costs, capital expenditures and geological results are factors which may have an impact on the amount of additional financing that may be required. There is no<sup>1</sup> guarantee that equity or debt financing will be available to the Group or that these financings would be obtained on terms favorable to the Group, which may adversely affect the Group's business, financial position and may result in a delay or indefinite postponement of exploration, development, or production on any or all of the Group's properties, or even loss of exploration rights.

The Group's cash is largely 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, dividend payable, lease liability, streaming arrangement, loans payable, BORO bond liability, Triple Flag Gold Prepay Loan as well as the loan liability and derivative components of the convertible debentures.

The maturity analysis of financial liabilities as at June 30, 2025 was as follows:

	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payable and other liabilities	13,492	-	-	-	13,492
Lease liability	392	380	-	-	772
Streaming arrangement	6,915	-	-	-	6,915
Convertible debentures – derivative	1,589	-	-	-	1,589
Convertible debentures – loan liability	-	2,580	-	-	2,580
Short term loans	14,549	-	-	-	14,549
Long term loans	-	87,744	427	1,176	89,347
BORO Bond	-	43,000	-	-	43,000
Triple Flag Gold Prepay Loan	5,398	-	-	-	5,398
<b>Total</b>	<b>42,335</b>	<b>133,704</b>	<b>427</b>	<b>1,176</b>	<b>177,642</b>

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The maturity analysis of financial liabilities as at December 31, 2024 was 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
Loans payable	19,590	90,634	22,402	1,516	134,142
BORO Bond	-	43,000	-	-	43,000
Triple Flag Gold Prepay Loan	6,914	-	-	-	6,914
<b>Total</b>	<b>46,800</b>	<b>136,417</b>	<b>22,402</b>	<b>1,516</b>	<b>207,135</b>

#### (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 convertible debentures and loans payable as the interest rates are fixed.

##### (b) Foreign currency risk

The Company has significant balances in Mongolian tugriks that are subject to foreign currency risk. The Group is exposed to foreign currency risk on fluctuations related to cash, payables, tax liabilities and loans that are denominated in Mongolian tugriks. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the Mongolian tugriks compared to the United States dollars would affect net profit by \$1,489 (gain) and \$1,645 (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.

# STEPPE GOLD LTD.

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#### 25. 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 retained earnings. 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 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 13.

#### 26. 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 the accounting policies 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.

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 the 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. 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. 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 a new area or on the current area.

E&E expenditures 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 statements of income 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.

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

### For the three and six months ended June 30, 2025 and 2024

(All dollar amounts expressed in thousands of United States Dollars, other than share and 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:

	June 30, 2024 as originally reported	Adjustments	June 30, 2024 (restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	12,143	-	12,143
Receivables and other assets	1,331	-	1,331
Prepayments	3,287	-	3,287
Inventories	18,850	(961)	17,889
Investments in bond	92,094	-	92,094
<b>Total current assets</b>	<b>127,705</b>	<b>(961)</b>	<b>126,744</b>
<b>Long-term assets</b>			
Exploration and evaluation assets	2,304	(647)	1,657
Property, plant and equipment	67,028	(17,026)	50,002
Long term investments	222	-	222
<b>Total long-term assets</b>	<b>69,554</b>	<b>(17,673)</b>	<b>51,881</b>
<b>Total assets</b>	<b>197,259</b>	<b>(18,634)</b>	<b>178,625</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	15,715	-	15,715
Short term loans	2,608	-	2,608
Current tax liability	19,032	-	19,032
<b>Total current liabilities</b>	<b>37,355</b>	<b>-</b>	<b>37,355</b>
<b>Long-term liabilities</b>			
Asset retirement obligation	12,921	-	12,921
Long term loans	74,944	-	74,944
Deferred tax liability	8,595	(5,342)	3,253
<b>Total long-term liabilities</b>	<b>96,460</b>	<b>(5,342)</b>	<b>91,118</b>
<b>Total liabilities</b>	<b>133,815</b>	<b>(5,342)</b>	<b>128,473</b>
<b>Shareholders' equity</b>			
Share capital	3,000	-	3,000
Asset revaluation surplus	28,050	(28,050)	-
Retained Earnings	32,394	14,758	47,152
<b>Total equity attributable to the owners of the Company</b>	<b>63,444</b>	<b>(13,292)</b>	<b>50,152</b>
Non-controlling interest	-	-	-
<b>Total shareholders' equity</b>	<b>63,444</b>	<b>(13,292)</b>	<b>50,152</b>
<b>Total liabilities and shareholders' equity</b>	<b>197,259</b>	<b>(18,634)</b>	<b>178,625</b>

**STEPPE GOLD LTD.****Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended June 30, 2025 and 2024**

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

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

	<b>June 30, 2024</b>	<b>Adjustments</b>	<b>June 30, 2024</b>
	<b>as originally reported</b>		<b>(restated)</b>
<b>Revenue</b>	<b>94,581</b>	-	<b>94,581</b>
Cost of sales	(37,668)	1,887	(35,781)
Gross profit	<b>56,913</b>	<b>1,887</b>	<b>58,800</b>
Exploration and evaluation expenditures	-	(106)	(106)
Corporate administration	(3,394)	-	(3,394)
Operating profit	<b>53,519</b>	<b>1,781</b>	<b>55,300</b>
Finance costs	(4,798)	-	(4,798)
Foreign exchange loss	(403)	(3)	(406)
<b>Net profit before tax</b>	<b>48,318</b>	<b>1,778</b>	<b>50,096</b>
<b>Income tax</b>	<b>(13,643)</b>	-	<b>(13,643)</b>
<b>Profit for the period</b>	<b>34,675</b>	<b>1,778</b>	<b>36,453</b>

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

	<b>as originally reported</b>	<b>Adjustments</b>	<b>(restated)</b>
<b>Retained earnings, January 1, 2024</b>	<b>84,483</b>	<b>12,980</b>	<b>97,463</b>
Profit for the year, attributable to shareholders	34,675	1,778	36,453
Dividend declared	(86,764)	-	(86,764)
<b>Retained earnings, June 30, 2024</b>	<b>32,394</b>	<b>14,758</b>	<b>47,152</b>
<b>Asset Revaluation Surplus, January 1, 2024</b>	<b>28,050</b>	<b>(28,050)</b>	-
Reversed revaluation reserve	-	-	-
<b>Asset Revaluation Surplus, June 30, 2024</b>	<b>28,050</b>	<b>(28,050)</b>	-

# STEPPE GOLD LTD.

## Notes to Condensed Interim Consolidated Financial Statements

### For the three and six months ended June 30, 2025 and 2024

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

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

	June 30, 2024 as originally reported	Adjustments	June 30, 2024 (restated)
<b>Operating activities</b>			
<b>Net profit for the period before tax</b>	<b>48,318</b>	<b>1,778</b>	<b>50,096</b>
<u>Adjustments for non-cash items:</u>			
Fair value of TDB shares	73	-	73
Accretion and financing costs	787	-	787
Depreciation	9,642	106	9,748
Interest expense	5,024	-	5,024
Unrealised foreign exchange	145	3	148
Bond interest income	(884)	-	(884)
<b>Operating cash flows before changes in non-cash working capital items</b>	<b>63,105</b>	<b>1,887</b>	<b>64,992</b>
<u>Changes in working capital items:</u>			
Inventories	4,423	(1,887)	2,536
Receivables and other assets	347	-	347
Amounts payable and other liabilities	(16,790)	-	(16,790)
<b>Cash generated from operations</b>	<b>51,085</b>	<b>-</b>	<b>51,085</b>
Income tax paid	(7,708)	-	(7,708)
<b>Net cash generated from operating activities</b>	<b>43,377</b>	<b>-</b>	<b>43,377</b>
<b>Investing activities</b>			
Acquisition of plant and equipment	(11,482)	-	(11,482)
<b>Net cash used in investing activities</b>	<b>(11,482)</b>	<b>-</b>	<b>(11,482)</b>
<b>Financing activities</b>			
Repayment of loans	(6,335)	-	(6,335)
Interest paid on loans	(6,556)	-	(6,556)
Dividend declared	(21,764)	-	(21,764)
<b>Net cash used in financing activities</b>	<b>(34,655)</b>	<b>-</b>	<b>(34,655)</b>
<b>Net decrease in cash</b>	<b>(2,760)</b>	<b>-</b>	<b>(2,760)</b>
Cash at the beginning of the period	14,903		14,903
<b>Cash at the end of the period</b>	<b>12,143</b>	<b>-</b>	<b>12,143</b>