

Consolidated Financial Statements
(In U.S. dollars)

GOLCONDA GOLD LTD.

For the years ended December 31, 2025 and December 31, 2024

Independent Auditor’s Report

To the Shareholders of Golconda Gold Ltd.

Opinion

We have audited the consolidated financial statements of Golconda Gold Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025 and 2024, and the consolidated statements of earnings (loss) and comprehensive income (loss), the consolidated statements of changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Carrying value of Mining Assets Equipment (Summit)</p> <p>(see notes 3(f), 4(g) and note 8)</p>	<p>At 31 December 2025 the Group held Mining Properties relating to the Summit project of \$12.3m (2024: \$12m)</p> <p><i>As detailed in note 3(f) there are judgements and estimates that underpin the carrying value of these assets.</i></p> <p><i>Management and the Board are required to assess whether there are any potential impairment indicators, which could indicate that the carrying value of these assets as at 31 December 2025 may not be recoverable. Based on the impairment indicator assessment performed, no indicators were present and thus, no impairment was recognised during the year</i></p>	<p>We reviewed and challenged Management’s impairment indicator assessment of the Summit project by checking whether it was performed in accordance with relevant accounting standards, and whether there were any indicators of impairment. Our specific audit procedures performed in this regard included the following:</p> <ul style="list-style-type: none"> • We performed an independent assessment focusing on the uncertainties arising from the asset being held under prolonged care and maintenance. In particular, our procedures included: <ul style="list-style-type: none"> ○ Assessing the internal and external factors in line with IAS 36 which could give rise to an indicator of impairment, including the current non-operational status of the mine and prevailing market

	<p><i>The Summit mine is currently not producing any gold concentrate and therefore is not generating any cash flows. Accordingly, these estimates and judgements are based on the Group's future restart plans and the feasibility of those plans being executed.</i></p> <p><i>Given the level of estimation and judgement involved in determining whether any indicators of impairment exist, we consider this to be a key audit matter.</i></p>	<p>conditions.</p> <ul style="list-style-type: none"> ○ Critically evaluating management's restart plans, including the timing, operational feasibility and funding considerations associated with bringing the mine back into production. ○ Performing a focused challenge of key assumptions within the Life of Mine (LOM) model, comparing production profiles to resource estimates, independent third-party data sources to operating cost estimates and inspection report findings to forecast restart capital requirements, to assess whether they supported management's conclusion that no impairment indicators exist. ○ Considering whether the condition of the asset and length of time under care and maintenance gave rise to indicators of physical or economic obsolescence. <p>Key observations: Based on the evidence obtained, management's key assumptions were reasonable, and their conclusion that no impairment was required for the Summit project was appropriate.</p>
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Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis.

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

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

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

DocuSigned by:
BDO LLP
810265780565403...
BDO LLP
London,
UK
23 April 2026
Chartered Professional Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GOLCONDA GOLD LTD.

Consolidated Statements of Financial Position

(In U.S. dollars)

	Note	December 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents		3,789,682	335,462
Trade receivables and other assets	6	3,338,340	1,732,889
Inventories	7	1,733,361	438,798
		8,861,383	2,507,149
Non-current assets:			
Mining properties and plant and equipment	8	47,009,524	43,192,778
		55,870,907	45,699,927
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	5,050,731	4,500,253
Interest-bearing loans and borrowings	11	2,389,418	2,305,965
Deferred revenue	12	681,726	517,936
		8,121,875	7,324,154
Non-current liabilities:			
Interest-bearing loans and borrowings	11	-	1,586,121
Restoration and rehabilitation provision	13	2,333,652	1,906,176
Deferred revenue	12	4,939,880	4,794,626
		7,273,532	8,286,923
Equity			
Share capital	15	58,316,832	58,397,792
Reserves		3,290,960	2,639,212
Deficit		(21,132,292)	(30,948,154)
		40,475,500	30,088,850
		55,870,907	45,699,927

Approved and authorized by the Board on April 23, 2026:

“Ravi Sood ”

Director

“Amar Bhalla”

Director

See accompanying notes to the consolidated financial statements.

GOLCONDA GOLD LTD.

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
(In U.S. dollars)

	Note	Years ended December 31,	
		2025	2024
Revenue	16a	33,739,885	13,828,966
Mine operating costs	16b	(18,738,781)	(11,950,037)
Earnings from mine operations		15,001,104	1,878,929
Corporate general and administration and share-based compensation	16c	(3,011,876)	(1,975,112)
Foreign exchange (loss) / gain		(263,054)	184,868
Other expenses	16d	(300,559)	(118,016)
Net financing expense	16e	(1,609,753)	(1,137,368)
		(5,185,242)	(3,045,628)
Net earnings / (loss) from operations before taxation		9,815,862	(1,166,699)
Taxation	14	-	-
Net earnings / (loss) and total comprehensive loss ¹		9,815,862	(1,166,699)
Basic earnings / (loss) per common share	15f	0.14	(0.02)
Diluted earnings / (loss) per common share	15f	0.13	(0.02)
Weighted average number of common shares – basic	15f	71,781,143	71,318,214
Weighted average number of common shares – diluted	15f	77,765,550	71,318,214

¹ – There were no items of other comprehensive income or loss for the years ended December 31, 2025 or 2024

See accompanying notes to the consolidated financial statements.

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Consolidated Statements of Changes in Equity
(In U.S. Dollars)

Years ended December 31, 2025 and December 31, 2024

	Notes	Capital stock		Reserves		Total
		Number	Amount	Share-based payments	Deficit	
Balance as at December 31, 2023		71,273,309	58,149,241	2,887,763	(29,781,455)	31,255,549
Net loss and comprehensive loss for the year		-	-	-	(1,166,699)	(1,166,699)
<i>Transactions with owners:</i>						
Share issue	15d	566,724	248,551	(248,551)	-	-
Balance as at December 31, 2024		71,840,033	58,397,792	2,639,212	(30,948,154)	30,088,850
Net earnings and comprehensive earnings for the year		-	-	-	9,815,862	9,815,862
<i>Transactions with owners:</i>						
Share-based compensation		-	-	651,748	-	651,748
Share cancellation	18	(438,671)	(80,960)	-	-	(80,960)
Balance as at December 31, 2025		71,401,362	58,316,832	3,290,960	(21,132,292)	40,475,500

See accompanying notes to the consolidated financial statements.

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Consolidated Statements of Cash Flows
(In U.S. Dollars)

	Note	Years ended December 31,	
		2025	2024
Cash flows from operating activities:			
Net earnings / (loss) for the year from operations		9,815,862	(1,166,699)
Adjustments for non-cash items:			
Depreciation and depletion	8	1,718,132	1,110,559
Share-based compensation	16c	651,748	-
Accretion on restoration and rehabilitation provision	13	144,307	166,440
Financing cost on borrowings and deferred revenue	16e	1,465,446	1,750,426
Foreign exchange loss / (gain)		134,527	(151,146)
Change in estimate on Galaxy restoration and rehabilitation provision	13	(137,864)	(324,442)
Deferred revenue	12	(247,152)	(123,665)
Gain on extinguishment of debt	11	-	(779,498)
Streaming Agreement transaction costs	12	-	161,085
Working capital adjustments:			
Change in trade and other receivables		(1,436,333)	(945,719)
Change in inventories		(1,173,408)	(186,851)
Change in accounts payable and accrued liabilities		(540,340)	190,005
Cash inflow from Streaming Agreement	12	-	4,838,915
		10,394,925	4,539,410
Cash flows from investing activities:			
Mining assets acquired	8	(4,563,951)	(3,176,273)
		(4,563,951)	(3,176,273)
Cash flow from financing activities:			
Borrowings - drawdown	11	-	200,000
Borrowing - repayment	11	(2,300,000)	(900,000)
Interest paid		(161,918)	(439,449)
		(2,461,918)	(1,139,449)
Increase in cash		3,369,056	223,688
Effect of foreign exchange rate changes		85,164	(1,439)
Cash, at January 1		335,462	113,213
Cash, at December 31		3,789,682	335,462

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Notes to Consolidated Financial Statements

(In U.S. dollars)

Years ended December 31, 2025 and December 31, 2024

1. Corporate Information

Golconda Gold Ltd. (the “Company” or “Golconda”) was incorporated under the Business Corporations Act (Ontario) on October 24, 2007 and its principal business activities are the exploration for, development of, and operation of gold mining properties. The Company’s registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada and its shares are listed on the TSX Venture Exchange (symbol GG.V) and quoted in the United States on the OTCQX (symbol GGGOF).

The Company owns two mining assets: (1) a producing gold mine which also has the rights to certain mineral exploration tenements (the mine and mineral exploration tenements collectively, “Galaxy”) located in the Republic of South Africa (“South Africa”); and (2) a gold and silver mine and processing infrastructure located in the United States of America (“Summit”).

2. Going Concern

As at December 31, 2025, the Company had a working capital surplus (current assets less current liabilities) of \$0.7 million (2024: deficit of \$4.8 million). Earnings from mining operations were \$15.0 million for the year ended December 31, 2025 (2024: \$1.9 million). The Company had \$2.0 million of commitments for capital expenditures at the Galaxy mine as of December 31, 2025.

The Company is subject to various commitments under the Streaming Agreement (see Note 12). If the Company is in breach of such commitments, the counterparty to the Streaming Agreement has various potential recourses under the agreement including calling for the repayment of the balance of the \$5 million of the stream deposit. Based on the base-case cash flow projections, the Company expects to generate sufficient cash to meet all of its commitments and liabilities, including those under the Streaming Agreement, while remaining cash positive.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company’s cash flows. Despite the higher gold price currently being realized, the Company continues to review its near-term operating plans and to take steps to reduce costs and maximize cash flow. The Board of Directors of the Company has performed an assessment of the ability of the Company to continue as a going concern which covers a period of at least 12 months from the date of approval of the audited consolidated financial statements.

The Board of Directors believes that the Company is a going concern due to the strong operating cash flow generated by mining operations and the significant flexibility the Company has on both operating and capital expenditures.

3. Basis of preparation:

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (collectively “IFRS”). The consolidated financial statements were approved by the Board of Directors of the Company (the “Board”) on April 23, 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments which are held at fair value. The methods used to measure fair values are discussed in Note 4.

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In (U.S. dollars)

Years ended December 31, 2025 and December 31, 2024

(c) Basis of consolidation

The significant subsidiaries of the Company are accounted for as follows:

	Country of Incorporation	% equity interest December 31, 2025
Galane Gold Mines Ltd.	Canada	100%
Mupane Gold Mines Limited	Mauritius	100%
Galaxy Gold Mining (Pty) Limited	South Africa	83% ¹
Galaxy Gold Reefs (pty) Ltd.	South Africa	74.7% ²
Summit Gold Corporation	U.S.A.	100%

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

All balances, income and expenses and unrealized gains and losses resulting from transactions amongst subsidiaries of the Company are eliminated on consolidation.

¹ On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy Gold Mining (Pty) Limited (“Galaxy”) to Phakamani Foundation Trust (operating as Phakamani Foundation NPC).

² On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

The donations were made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the “BEE Requirement”).

Because the Company is deemed, for accounting purposes, to control the various trusts, these donations do not give rise to non-controlling interests.

(d) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and each of its subsidiaries. All amounts are in U.S. dollars, except where otherwise indicated.

(e) Significant accounting judgements, estimates and assumptions:

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are

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Notes to Consolidated Financial Statements

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Years ended December 31, 2025 and December 31, 2024

believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(f) Key judgements

Going concern

Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 2.

Management is required to exercise judgment in order to ensure that the Company's ability to continue as a going concern remains appropriate after considering its liquidity and solvency position. To this end, the Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs. Changes in production levels, gold prices, foreign exchange rates and other factors all impact the Company's liquidity position.

Impairment of mining properties and plant and equipment

Mining properties and plant and equipment are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgements over internal and external factors including resource estimation, status of legal ownership, changes in government legislation, and regulations, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the Company's statements of earnings (loss) and comprehensive income (loss). Assessments are performed at the cash generating unit ("CGU") level, A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has identified two CGUs, the Galaxy mine and the Summit project.

Deferred revenue

The Streaming Agreement (as detailed in Note 12) is accounted for as a contract with a customer under IFRS 15, rather than as a financial instrument under IFRS 9, based on the fact that while gold is a commodity that is readily convertible to cash, the Streaming Agreement requires physical gold deliveries and this is satisfied through delivery of refined gold and thereby meeting the criteria of being held for the purpose of delivery of the non-financial item in accordance with the Company's expected sale requirements in accordance with IFRS 9, commonly referred to as the 'own use exemption'.

(g) Key estimates

Mineral resources

Mineral resources have been estimated by qualified personnel of the Company in accordance with definitions and guidelines adopted by The Canadian Institute of Mining, Metallurgy and Petroleum. The Company currently only declares mineral resources. Mineral resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences

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drawn from drilling and other data. Resource statements also require an estimate of the future price for the commodity in question and an estimate of the future costs of operations. Mineral resource estimates are subject to uncertainty and may be inaccurate. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate may justify a revision of such estimates.

Restoration and rehabilitation provision

Amounts recorded for restoration and rehabilitation provision require management to estimate the future costs the Company will incur to complete the reclamation and remediation work required to comply with applicable laws and regulations as well as the timing of the reclamation activities and estimated discount rate. Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs and estimated inflation and discount rates could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation costs.

The Company has performed a sensitivity analysis of reasonable possible changes in the significant assumptions taking into account historical experience; however, the estimates may vary by greater amounts. A 2% increase in the discount rate would result in a decrease of \$343,000 on the restoration and rehabilitation provision. A 2% increase in the inflation rate would result in an increase of \$416,000 on the restoration and rehabilitation provision. A 20% change in cost would result in an increase of \$467,000 on the restoration and rehabilitation provision.

Deferred revenue and significant financing component

The Streaming Agreement is subject to variable consideration and contains a significant financing component. As such, the Company recognizes a financing charge at each reporting period and grosses up the deferred revenue balance to recognize the significant financing element that is part of the arrangement. The financing component relies upon certain key estimates made upon initial recognition, such as the long-term gold price forecast, production forecasts over the life of the agreement, and an appropriate risk adjusted discount rate.

(h) Future accounting pronouncements

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning January 1, 2026:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).
- Annual Improvements to IFRS Accounting Standards - Volume 11: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

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- IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Company is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024, supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to change the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

4. Material accounting policies:

(a) Foreign currency translation

Transactions in foreign currencies are translated at the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange on the date of the consolidated statement of financial position. All differences are taken to the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction for the purposes of the consolidated financial statements.

(b) Financial instruments

The Company recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

On initial recognition, financial assets are classified as and measured at: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("OCI") according to their contractual cash flow characteristics and the business models under which they are held.

On initial recognition, financial liabilities are classified as and measured at: amortized cost or FVTPL according to their contractual cash flow characteristics and the business models under which they are held.

A financial asset (in whole or in part) is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for financial liabilities designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognised in the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss).

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Where the movement in fair value is due to a change in the entity's credit risk, such gain or loss is recognised in other comprehensive income.

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Any gain or loss on a modification that is treated as an extinguishment and re-recognition of a financial liability held at amortised cost is recognised in the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss).

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, trade and other receivables, accounts payable and accrued liabilities and interest bearing loans and borrowings. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management of investment strategy.

Warrants denominated in foreign currency are classified as fair value through profit or loss. Any unrealized gains or losses related to changes in the fair value are included in financing income or financing costs.

Other financial instruments

Financial assets are measured at amortized cost if they are held for the collection of contractual cash flows where those cash flows solely represent payments of principal and interest. The Company's intent is to hold these financial assets in order to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. All of the Company's financial assets fall under this category.

Other financial liabilities are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days.

(d) Inventories

Ore stockpiles are valued at the lower of cost or net realizable value. The cost of ore stockpiles is based on the weighted average cost per tonne.

Consumables are valued at the lower of average purchase cost or net realizable value. Provisions for redundant and slow-moving items are made by reference to specific items of stock. Spare parts and

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stand-by equipment held are generally classified as inventories. However, if major spare parts (critical spares) and stand-by equipment (insurance spares) are expected to be used for more than one period or can only be used in connection with a particular capital asset, then they are classified as a component of plant and equipment.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

(e) Mining properties and plant and equipment

Mining properties are measured at cost less accumulated depreciation and accumulated impairment charges.

The initial cost of an asset comprises its purchase or construction cost, any costs directly attributable to bringing the asset to a working condition for its intended use, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost of self-constructed assets includes the cost of materials and direct labour.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) as incurred.

Mining properties presented on the consolidated statement of financial position represent mine acquisition costs and the capitalized expenditures related to mine development.

(i) Mine development

Upon determination of technical feasibility and commercial viability of an exploration and evaluation asset, all subsequent expenditure is capitalized to mine development costs and the related costs are amortized when the projects are brought into production. Mine development costs include expenditures to develop new ore bodies, define further mineralization in existing ore bodies, construct and install or complete infrastructure facilities.

Where funds have been borrowed, either to specifically finance a project or for general borrowings during the period of construction, the amount of interest capitalized represents the actual borrowing costs incurred, in the case of specific finance arrangements, or an allocation of interest on general borrowings.

(f) Depreciation and depletion

Mining properties are depleted when the assets are ready for their intended use using the units-of-production method over the shorter of the estimated economic life of the asset or the mining operation.

The current resource estimate is the prime determinant of the life of the mine. In estimating the life of mine, the nature of the ore body and the method of mining the ore body are taken into account. As the Company does not have mineral reserves, the ore bodies are depleted over their measured, indicated and inferred mineral resources. Changes in the estimate of mineral resources will result in

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changes to the depletion and will be accounted for on a prospective basis over the remaining life of the operation.

Plant and equipment are depreciated using the units of production method in the case of mining properties or the straight-line method over the estimated useful lives of the related assets as follows:

- Mining equipment 5 years
- Light vehicles 5 years
- IT equipment 3 years

Residual values, useful lives and depletion methods are reviewed at least annually and adjusted if appropriate. Changes are accounted for prospectively. When no further future economic benefits are expected from an asset it will be de-recognised. Any gain or loss on de-recognition of the asset is included in the consolidated statement of loss and comprehensive loss in the year the asset is de-recognised.

(g) Impairment

(i) Financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

(ii) Non-financial assets

If a mineral property is abandoned or deemed economically unfeasible, the related project balances are derecognised.

The Company conducts quarterly impairment assessments of the values of long-lived assets, including mining assets and exploration and evaluation assets. If an indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. The Company considers that it currently has two CGUs, being the Galaxy mine and the Summit project.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recorded so as to reduce the carrying amount to its recoverable amount. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount for the asset since the impairment loss was recognized. If this is the case, the carrying amount is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

The recoverable amount is determined based on the present value of estimated future cash flows from each long-lived asset, which are calculated based on numerous assumptions such as mineral resources, estimates of discount rates, estimated future metal prices, operating costs, capital and site restoration expenses and estimated future foreign exchange and inflation rates, as defined under IFRS for FVLCD and VIU. Management's assumptions and estimates of future cash flows are

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subject to risks and uncertainties, particularly when market conditions such as the price of gold, inflation, currency values and interest rates are volatile, and may be partially or totally outside of the Company's control. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect the recoverability of the Company's long-lived assets.

(h) Restoration and rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore and rehabilitate sites in the period in which the obligation is incurred with a corresponding increase in the carrying value of the related mining asset. The obligation is generally considered to have been incurred when mine assets are constructed or the environment is disturbed. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The discounted liability is adjusted at the end of each period to reflect the passage of time, based on the discount rates that reflect current market assessments and the risks specific to the liability, and changes in the estimated future cash flows underlying the obligation.

These estimates depend on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and risk-free interest rates specific to each liability. The Company also estimates the timing of the outlays, which is subject to change depending on continued operation or newly discovered reserves. The periodic unwinding of the discount is recognized in the statement of earnings (loss) and comprehensive income (loss) as a finance cost (accretion). Additional disturbances or changes in restoration costs will be recognized as changes to the corresponding assets and asset retirement obligation when they occur. Environmental and on-going site clean-up costs at operating mines, as well as changes to estimated costs for closed sites, are charged to earnings in the period during which they occur.

(i) Income taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the date of the consolidated statement of financial position.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provision for uncertain tax positions is recognised within current tax when management determines that it is probable that a payment will be made to the tax authority. For such tax positions the amount of the probable ultimate settlement with the related tax authority is recorded. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognised, the Company discloses tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current income taxes relating to items recognized directly in equity are recognized directly in equity.

(ii) Deferred tax

Deferred tax is provided using the asset and liability method on temporary differences at the period end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent, investor, or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except as noted above.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each period end date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

A translation gain or loss will arise where the local tax currency is not the same as the functional currency. Deferred tax is recognized on the difference between the book value of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the period end date.

Deferred taxes relating to items recognized directly in equity are recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Revenue recognition

Revenues comprise sales of gold concentrate produced at the Galaxy mine, with production and sales commencing during the year ended December 31, 2019. For each shipment of gold concentrate, a provisional invoice for 90% of the sales value of that shipment is issued when the shipment is made and provisionally assayed, and revenue for 100% of the sales value is recognised. Based on the results produced by the final assay and the quoted gold prices in effect during the period of one full month following the date of making the shipment, a final invoice is produced in respect of that shipment, with the off-take partner paying the difference between the sales value of that final invoice and the amount paid in respect of the provisional invoice. Revenue in respect of sales of gold concentrate is recognised in profit or loss based on the final invoices for those sales, with an estimate of final sales value being made in the case of shipments made prior to the end of a reporting period in respect of which the final invoice has not been issued before the date of reporting.

(k) Deferred revenue

Deferred revenue consists of: (i) initial cash payments received by the Company for future delivery of payable gold under the terms of the Company's Streaming Agreement, and (ii) a significant financing component of the Company's Streaming Agreement. Deferred revenue is increased as interest expense is recognized and is based on the implicit interest rate of the discounted cash flows arising from the

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expected delivery of ounces under the Company's Streaming Agreement. See Note 3 for further information on key judgements and key estimates related to the Streaming Agreement.

The amount by which the deferred revenue balance is reduced and recognized into revenue is based on a rate per ounce of gold delivered under the Streaming Agreement. This rate per ounce of gold delivered relating to the payments received by the Company is based on the remaining deferred revenue balance divided by the ounces that are expected to be delivered over the term of the Streaming Agreement. Revenue is recognised when control is transferred on physical delivery under the Streaming Agreement.

As the Company's Streaming Agreement contains a variable component, IFRS 15 requires that the transaction price be updated and re-allocated on an ongoing basis. As a result, the deferred revenue recognized per ounce of gold delivered under the Streaming Agreement will require an adjustment each time there is a significant change in the underlying gold production profile of the Galaxy mine. Should a change in the transaction price be necessary, a cumulative catch-up adjustment to revenue will be made in the period in which the change occurs, to reflect the updated production profile expected to be delivered under the Streaming Agreement.

(l) Share-based payments

The Company has an omnibus equity incentive plan that is described in Note 15. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The corresponding expense is recorded as a charge to the share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve balance is transferred to share capital. Charges for equity incentives that are forfeited before vesting are reversed through income. Charges for vested equity incentives that either expire or are forfeited remain in the share-based payments reserve.

(m) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share uses the treasury stock method. The weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options or warrants are used to repurchase common shares at their average market price during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

(n) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is considered to be the Board. The Company's segment reporting reflects the operational focus of the Company. The Company has been organised into geographical and business units based on its principal business activity of mine production, having three reportable segments as follows:

- Galaxy Gold Mine – South Africa
- Summit Gold Project – U.S.A.
- Management and corporate – Canada

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5. New and amended IFRS Standards that are effective for the current year

The following new accounting pronouncements are effective for annual periods beginning on or after January 1, 2025. The adoption of this pronouncement did not have any impact in the consolidated financial statements.

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

6. Trade receivables and other assets

	December 31, 2025	December 31, 2024
Current:		
Trade receivables	1,956,845	470,670
Taxes recoverable	577,932	848,712
Prepaid expenses and advances	803,563	332,548
Other receivables	-	80,959
	3,338,340	1,732,889

7. Inventories

The amount of inventory recognized as an expense through normal consumption during the period is included in mine operating costs in the consolidated statement of earnings (loss) and comprehensive earnings (loss). The carrying values at the end of the respective periods are:

	December 31, 2025	December 31, 2024
Finished goods	575,818	117,103
Supplies	661,407	214,996
Ore stockpiles	496,136	106,699
	1,733,361	438,798

Inventories as of December 31, 2025 are carried at cost.

There were no write-downs of inventories recorded for the year ended December 31, 2025 (year ended December 31, 2024 - \$nil).

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8. Mining properties and plant and equipment

The continuity of mining properties and plant and equipment for the year ended December 31, 2025 is as follows:

	Mining Properties	Plant and Equipment	Total
Cost at December 31, 2024	37,131,296	10,933,712	48,065,008
Movements:			
Additions	2,450,646	2,824,665	5,275,311
Change in rehabilitation provision estimate	259,567	-	259,567
Cost at December 31, 2025	39,841,509	13,758,377	53,599,886
Accumulated depreciation and depletion at December 31, 2024	(1,495,980)	(3,376,250)	(4,872,230)
Depreciation and depletion for the period	(395,263)	(1,322,869)	(1,718,132)
Accumulated depreciation and depletion at December 31, 2025	(1,891,243)	(4,699,119)	(6,590,362)
Net book value, December 31, 2025	37,950,266	9,059,258	47,009,524

The Streaming Agreement (see Note 12) provides Empress with security over the Galaxy mine. The vendor of the Summit assets has security over certain Summit assets in connection with the contingent payment (see Note 17).

Non-cash additions to mining properties and plant and equipment for the year ended December 31, 2025 were \$970,927 (2024: \$nil).

During the year ended December 31, 2025 a review for impairment indicators was performed. No impairment indicators were identified (December 31, 2024: none).

The continuity of mining properties and plant and equipment for the year ended December 31, 2024 is as follows:

	Mining Properties	Plant and Equipment	Total
Cost at December 31, 2023	36,594,188	8,324,851	44,919,039
Movements:			
Additions	567,412	2,608,861	3,176,273
Change in rehabilitation provision estimate	(30,304)	-	(30,304)
Cost at December 31, 2024	37,131,296	10,933,712	48,065,008
Accumulated depreciation and depletion at December 31, 2023	(1,139,884)	(2,621,787)	(3,761,671)
Depreciation and depletion for the period	(356,096)	(754,463)	(1,110,559)
Accumulated depreciation and depletion at December 31, 2024	(1,495,980)	(3,376,250)	(4,872,230)
Net book value, December 31, 2024	35,635,316	7,557,462	43,192,778

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9. Financial instruments

(a) Financial risk management objectives and policies

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its operations, current mine development plans and long-term growth strategy. The Company is subject to various financial risks that could have a significant impact on profitability and financial conditions. These risks include liquidity risk, credit risk and financial market conditions relating to interest rates, gold price, and currency rates.

The following discussion includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and equity, where applicable. Financial instruments affected by market risk include cash, trade and other receivables, accounts payable and accrued liabilities and borrowings.

(b) Financial instruments by category

The Company's financial instruments consist of cash and cash equivalents and trade and other receivables (excluding taxes recoverable and prepaid expenses and advances) that are carried at amortized cost, accounts payable and accrued liabilities (excluding statutory payables) and borrowings that are carried at amortized cost.

Cash and cash equivalents comprise of cash at banks for the year ended 31 December 2025 and 2024. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities and current loans and borrowings approximates their fair value.

(c) Risks

Management reviews and approves policies for managing each of the risks which are summarised below:

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at December 31, 2025, the Company's cash balance was \$3.8 million (2024 - \$0.3 million), and it had a working capital surplus of \$0.7 million (current assets less current liabilities) (2024 – deficit of \$4.8 million) (see Note 2). Current liabilities and all financial liabilities have maturities of less than twelve months and as such the impact of discounting is not material.

The Company has a treasury policy to assist in managing its liquidity risk, which requires management to:

- monitor cash balances;
- perform short to medium-term cash flow forecasting, as well as medium and long-term forecasting incorporating relevant budget information; and
- consider the need for expanding treasury activity if and when appropriate (including but not limited to hedging and derivatives).

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(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is associated with cash, trade and other receivables.

The Company holds cash in credit worthy financial institutions of at least B credit rating and does not hold any asset-backed commercial paper.

The credit risk related to the trade receivable is considered minimal as gold concentrate is sold to a creditworthy offtake partner and settled promptly, with provisional invoices settled within three business days, covering 90% of the invoiced values, and the 10% balance upon final invoices usually within 60 days. Gold concentrate is sold under-pricing arrangements where final prices are set at a specified future date or range of dates, within 60 days of initial delivery, based on market gold prices. At December 31, 2025, there was \$2.0 million outstanding (2024 - \$0.5 million) included in trade and other receivables relating to gold production.

(iii) Foreign currency risk

The Company is exposed to currency risk through transactions denominated in currencies other than the U.S. dollar. The risk is mainly due to transactions incurred in South African Rand ("ZAR") and the Canadian dollar. Net financial liabilities denominated in currencies other than U.S. dollar are summarised as follows:

U.S. dollars	December 31, 2025	December 31, 2024
South African Rand – Galaxy Gold Reefs Pty Ltd.	(1,791,222)	(1,579,372)
Canadian Dollar – Golconda Gold Ltd.	(307,605)	(1,136,190)
	(2,098,827)	(2,715,562)

A 10% strengthening of the U.S. dollar against these foreign currencies at year-end would have resulted in an increase in the Company's earnings for the year of \$209,883 (2024 – \$271,556). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the U.S. dollar against these currencies at year-end would have resulted in a decrease in the Company's earnings for the year of \$209,883 (2023 – \$271,556). This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Interest rate risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is not currently directly exposed to interest rate risk as its borrowing are not subject to variable rates (Note 11).

(v) Commodity price risk

Commodity price fluctuations may affect the revenue that the Company generates in its operations as well as the costs incurred at its operations for royalties based on the gold price. There has been no significant change in the Company's objectives and policies for managing this risk during the period ended December 31, 2025.

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(d) Capital management

The Company's objectives when managing capital are:

- to ensure the Company has sufficient financial capacity to support its operations, current mine development plans and the long-term growth strategy;
- to provide a superior return to its shareholders; and
- to protect the Company's value with respect to markets and risk fluctuations.

The Company's capital structure reflects the requirements of a company focused on growth in a capital intensive industry that experiences lengthy development lead times as well as risks associated with capital costs and timing of project completion due to factors that are beyond the Company's control, including the availability of resources, the issuance of necessary permits, costs of various inputs and the volatility of the gold price.

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the forward gold prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, issue new shares, or arrange for a debt facility.

There have been no changes in the Company's capital management strategy during the period.

10. Accounts payable and accrued liabilities:

	December 31, 2025	December 31, 2024
Accounts payable	3,869,505	3,380,422
Accrued liabilities	1,181,226	1,119,831
	5,050,731	4,500,253

Trade payables and accrued liabilities are non-interest bearing.

11. Interest-bearing loans and borrowings:

	December 31, 2025	December 31, 2024
<i>Current:</i>		
Revolving credit facility	-	2,305,965
Loan note	2,389,418	-
	2,389,418	2,305,965
<i>Non current:</i>		
Loan note	-	1,586,121
	2,389,418	3,892,086

On August 3, 2022, the Company entered into an agreement with Ocean Partners UK Limited ("Ocean Partners") which provided the Company with an unsecured \$3,000,000 short-term revolving credit facility bearing interest at US\$ 3-month CME Term SOFR plus 7.5% ("Ocean Partners Facility"). Once a drawdown under the Ocean Partners Facility is repaid, such amount can subsequently be redrawn for the term of the offtake agreement. Interest and principal for the Ocean Partners Facility can be repaid against deliveries of gold concentrate valued at market rate or cash by the Company to Ocean Partners under the relevant agreement. The Ocean Partners Facility was fully repaid, along with all interest, during the year ended December 31, 2025.

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On March 29, 2023 the Company entered into a loan agreement with Dantinox SA with respect to a term loan facility for \$1,000,000 with a maturity date of March 29, 2024. On March 27, 2024, the maturity date was extended to March 29, 2025 at a cost of \$200,000 and on November 29, 2024 the maturity date was further extended to March 29, 2026 at a cost of \$228,625. The loan bears an interest rate of 6% per annum and has a redemption premium of 100%.

12. Deferred Revenue

On February 27, 2024, the Company entered a \$5,000,000 gold purchase and sale agreement (the "Streaming Agreement") with Empress Royalty Holding Corp. ("Empress") which provides that Galaxy Gold Reefs Ltd., the subsidiary of the Company which holds the Company's interest in Galaxy, will deliver 3.5% of payable gold production from the Galaxy mine at a cash purchase price of 20% of spot gold until 8,000 ounces have been delivered. Thereafter, 2% of payable gold production will be delivered from Galaxy at a cash purchase price of 20% of spot gold price, until the earlier of 20,000 ounces having been delivered or 20 years after the first gold delivery was made. See Notes 3(f), 3(g) and 4(k).

The changes in the carrying value of deferred revenue are as follows:

	2025	2024
At January 1,	5,312,562	5,000,000
Deferred revenue recognised	(247,152)	(123,665)
Interest on financing component of deferred revenue	556,196	436,227
At December 31,	5,621,606	5,312,562
Current portion	681,726	517,936
Non-current portion	4,939,880	4,794,626
Total	5,621,606	5,312,562

The non-current portion of the deferred revenue is expected to be satisfied over 2027 to 2044 in accordance with the Company's forecast gold production from the Galaxy mine over this period.

During the year ended December 31, 2025, the Company sold 337 ounces of gold to Empress (2024: 169 ounces). Revenue recognised on the ounces sold from Galaxy to Empress during the year ended December 31, 2025 consisted of \$233,745 of cash proceeds and \$247,152 of deferred revenue recognised.

13. Restoration and rehabilitation provision

	Galaxy	Summit	Total
January 1, 2023	1,429,021	703,210	2,132,231
Foreign exchange movement	(37,749)	-	(37,749)
Accretion during the year	139,296	27,144	166,440
Change in estimate	(324,442)	(30,304)	(354,746)
At December 31, 2024	1,206,126	700,050	1,906,176
Foreign exchange movement	161,466	-	161,466
Accretion during the year	114,205	30,102	144,307
Change in estimate	(137,864)	259,567	121,703
At December 31, 2025	1,343,933	989,719	2,333,652

For the preparation of Galaxy restoration and rehabilitation provision, management of the Company used a pre-tax nominal discount rate of 8.2%. The undiscounted inflation adjusted liability for the

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restoration and rehabilitation provision as at December 31, 2025 is \$2,733,324 (ZAR 45,451,629) (2024 - \$2,627,273 (ZAR 49,225,910)). A change in estimate of \$137,864 was credited to the Statements of Earnings (Loss) and Comprehensive Income (Loss) as a result of changes in the undiscounted future estimated closure costs expected to be incurred (2024: credit of \$324,442).

For the preparation of the Summit restoration and rehabilitation provision, management of the Company used a pre-tax nominal discount rate of 3.4%. The undiscounted inflation adjusted liability for the restoration and rehabilitation provision as at December 31, 2025 is \$1,358,673 (2024 - \$980,401). A change in estimate of \$259,567 was debited to the corresponding restoration and rehabilitation asset (2024: credit of \$30,304) (see Note 8).

In South Africa, under Section 41 of the Mineral and Petroleum Resources Development Act, 2002 (“MPRDA”) all operating mining companies are required to make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. Management has provided for the restoration and rehabilitation costs of the Galaxy Mine but has not formally put in place the required funding or financial guarantee for the financial provision.

Under the MPRDA, the Group is required to manage the negative environmental impact associated with its operational activities and to provide the funds or a financial guarantee to rehabilitate the mining areas as required by the environmental management plan. The funding required is currently estimated to be ZAR33.0 million (\$2.0 million).

As such the Company will be required to set aside funding or provide a financial guarantee in future period to ensure that sufficient funding is available to rehabilitate as required by the MPRDA.

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14. Income taxes:

A reconciliation between tax expense and the product of accounting income multiplied by the combined federal and Ontario tax rate of 26.50% (2024 - 26.50%) is as follows:

	2025	2024
Accounting earnings / (loss) earnings from continuing operations before income tax	9,815,862	(1,166,699)
Statutory income tax rate	26.5%	26.5%
Expected income tax expense(recovery)	2,601,203	(309,175)
(Non-taxable)/non-deductible items	178,689	2,938
Differences in foreign income tax rates	73,369	6,150
Utilisation of tax losses	(4,313,127)	(430,920)
Change in unrecognized unused losses	1,230,906	39,531
Change in unrecognised capital allowances	491,313	592,468
Change in other unrecognised temporary differences	(262,353)	99,008
Income tax expense/(recovery)	-	-

No deferred tax asset has been recognised in respect of assessed tax losses, as the Company has not yet been able to consistently demonstrate that it will be in a position to utilise these assets. While the current year showed favourable profits where some assessed losses were utilised, future profits still remain closely underpinned by favourable gold prices and forecast taxable profits are highly sensitive to gold price volatility and assume improvements in operational performance which has not yet been consistently achieved. In addition, uncertainty remains regarding the timing and outcome of possible future tax assessments.

Unused tax losses	46,781,521	54,407,226
Capital allowances	6,232,456	3,795,926
	53,013,977	58,203,152

The unused tax losses by jurisdiction are as follows:

Canada	28,354,829	23,608,527
South Africa	18,426,692	30,798,699
	46,781,521	54,407,226

The Canadian losses are non-capital losses and expire over the years 2026 to 2044 and the South African losses have no expiry date. The amounts and expiry dates of unused tax losses, for which no deferred tax asset is recognized in the consolidated statements of financial position, are translated at the closing rate for the year. In the tax reconciliation, however, the utilized losses are translated at the average rate. Unused tax loss disclosure has been included for the year ended December 31, 2025 and 2024 based on management's best estimates but these amounts could change subject to the tax authorities examination and approval.

Judgement is required in the interpretation or application of certain tax rules when determining the provision for income taxes due to the complexity of tax legislation in the various tax jurisdictions the Company operates. Management evaluates its uncertain tax positions to update for changes to the tax legislation, the results of any tax audits undertaken, the correction of the uncertain tax position through subsequent tax filings, or the expiry of the period for which the position can be reassessed. Through

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a review of historic tax filings, management has identified a possible exposure which may result in an immaterial economic outflow to the Company. Management will strongly defend its position in relation to these matters and follow the appropriate process to support its position. No provision has been included for this exposure.

15. Share Capital

(a) Authorized share capital:

As at December 31, 2025, the authorized share capital of the Company consisted of an unlimited number of common shares without par value. All issued shares are fully paid.

(b) Issued share capital:

As at December 31, 2025, 71,401,362 common shares are issued and outstanding (2024: 71,840,033).

(c) Stock options:

The Company has an omnibus equity incentive plan (the "Equity Incentive Plan") pursuant to which options may be granted to directors, officers, employees and consultants. As at December 31, 2025 options to purchase up to a maximum of 7,140,136 common shares were issuable under the Equity Incentive Plan, of which options to purchase up to 843,652 common shares were issued and outstanding. Under the Equity Incentive Plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, officers, employees and consultants. Under the Equity Incentive Plan, the exercise price and vesting is at the discretion of the Board and options can be granted for a maximum term of ten years, with certain restrictions as to limits on amounts granted to insiders, consultants or persons engaged in investor relations activities.

The following is a summary of stock options outstanding as at December 31, 2025 and December 31, 2024 along with changes during the years then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2023	1,283,652	0.42
Options expired	(900,000)	0.46
Balance December 31, 2024	383,652	0.35
Options issued	460,000	0.28
Balance December 31, 2025 ⁽¹⁾⁽²⁾	843,652	0.31

(1) The weighted average time to expiration for outstanding options is 3.1 years. The range of exercise prices is Cdn.\$0.280 to Cdn.\$0.345.

(2) As at December 31, 2025, 843,652 options were exercisable (December 31, 2024 – 383,652).

The Company recognizes share-based compensation expense for all stock options granted using the fair value on the grant date as calculated by using the Black Scholes Model. The Company used the following weighted average assumptions for the Model:

	Year ended December 31, 2025
- Share price	C\$0.28
- Risk free interest rate	3.04%
- Expected volatility	115%
- Expected life	5 years
- Dividend rate	0%

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The expected volatility is calculated based on the standard deviation of the Company's historic share price volatility. An expense of \$73,162 was recognised in the year ended December 31, 2025 relating to stock options granted in the period (2024: \$nil).

(d) Deferred Share Units:

The Company may grant deferred share units ("DSUs") to directors, officers, employees and consultants under the Equity Incentive Plan. As at December 31, 2025, a maximum of 7,127,330 DSUs were issuable under the Equity Incentive Plan, of which 5,532,633 were issued and outstanding as at December 31, 2025 (December 31, 2024 – 672,633):

	Number of DSUs
Balance December 31, 2023	1,434,009
DSUs cancelled	(194,652)
DSUs settled	(566,724)
Balance December 31, 2024	672,633
DSU's issued	4,860,000
Balance December 31, 2025	5,532,633

On issuance of the DSUs the fair value is calculated on the grant date by using the Black Scholes Model. The Company used the following weighted average assumptions for the Model:

	Year ended December 31, 2025
- Share price	C\$0.28
- Risk free interest rate	3.04%
- Expected volatility	115%
- Expected life	5 years
- Dividend rate	0%

The expected volatility is calculated based on the standard deviation of the Company's historic share price volatility. The compensation expense is recognized over the vesting period of the DSUs. An expense of \$578,586 was recognised in the year ended December 31, 2025 relating to DSUs (2024: \$nil).

(e) Warrants:

The following is a summary of warrants outstanding as at December 31, 2025 and December 31, 2024 and changes during the years then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2023	12,005,740	1.50
Warrants expired	(12,005,740)	1.50
Balance, December 31, 2024 and December 31, 2025	-	-

The warrants were measured as Level 2 in the fair value hierarchy; inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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(f) Earnings (Loss) per share:

The calculations of earnings (loss) per share is based on the following data:

	Year ended December 31,	
	2025	2024
Earnings / (Loss) attributable to Golconda Shareholders	9,815,862	(1,166,699)
Weighted average number of common shares outstanding for purposes of basic earnings per share	71,781,143	71,318,214
Dilutive options and deferred share units	5,984,407	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	77,765,550	71,318,214
Earnings / (Loss) per share		
- Basic	0.14	(0.02)
- Diluted	0.13	(0.02)

In the year ended December 31, 2024, 383,652 stock options and 672,633 deferred share units were excluded from the calculation of operations diluted earnings per share as they were considered anti-dilutive.

16. Breakdown of Statements of Earnings (Loss) and Comprehensive Income (Loss) items:

(a) Revenue

	2025	2024
Revenue – Spot sales	33,258,988	13,620,345
Revenue – Streaming Agreement		
Cash payment proceeds	233,745	84,956
Deferred revenue recognised	247,152	123,665
	480,897	208,621
	33,739,885	13,828,966

(b) Mine operating costs

	2025	2024
Mining and processing	12,159,631	8,646,270
Administrative and government royalty	4,861,018	2,193,208
Total costs	17,020,649	10,839,478
Depreciation and depletion	1,718,132	1,110,559
	18,738,781	11,950,037

(c) Corporate general and administration

	2025	2024
Corporate general and administration	2,360,128	1,975,112
Share-based compensation	651,748	-
	3,011,876	1,975,112

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(d) Other (income) / expenses

	2025	2024
Change in ARO estimate	(137,864)	(324,442)
Summit pre-start costs	440,928	118,109
Streaming Agreement transaction costs	-	324,469
Other income	(2,505)	(120)
	300,559	118,016

(e) Net financing expenses / (income)

	2025	2024
Financing cost on borrowings	909,250	1,314,199
Gain on extinguishment of debt	-	(779,498)
Financing component on deferred revenue	556,196	436,227
Accretion on restoration and rehabilitation provision	144,307	166,440
	1,609,753	1,137,368

17. Commitments and Contingencies

(a) Commitments and contingencies

As at December 31, 2025, the Company is committed to payments totalling \$1,981,000 during 2026 for mining equipment at its Galaxy property.

In connection with the acquisition of the Summit mine, the Company has a contingent cash payment of \$8.2 million due to the vendor upon commencement of production at the mine, which has not been recognised due to its contingent nature.

Under the MPRDA, the Company is required to manage the negative environmental impact associated with its operational activities and to provide the funds or a financial guarantee to rehabilitate the mining areas as required by the environmental management plan. The funding required is currently estimated to be ZAR33.0 million (\$2.0 million) (See Note 13).

(b) Tax assessments

The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No such amounts have been provided for in these financial statements. Also see Note 14.

18. Related party transactions

On November 12, 2025, the Company cancelled 438,671 common shares which the Company held as security for loans provided to a former CEO and a former CFO. The loans in the amounts of C\$60,918 and C\$48,750 came due on August 13, 2024 and August 13, 2023, respectively, and had not been repaid. The 438,671 common shares were cancelled in full satisfaction of the loans pursuant to the terms of share pledge agreements.

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The remuneration of key management personnel, comprising the directors and other individuals who fall within the definition of key management personnel, for the years ended 31 December 2025 and 2024 is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Short-term benefits	1,469,343	1,275,919
Share-based compensation ⁽¹⁾	651,748	-
	2,121,091	1,275,919

(1) Share-based compensation is the fair value of options and DSUs granted to key management personnel and directors.

19. Segmented information

The Company operates in three geographic segments, being the Republic of South Africa, the U.S.A. and Canada. A breakdown of the revenue and total assets by geographic segment is as follows.

As at and for the year ended December 31, 2025:

	Corporate Canada	Summit U.S.A.	Galaxy South Africa	Total
Revenue	-	-	33,739,885	33,739,885
Mine operating costs	-	-	(18,738,781)	(18,738,781)
General and administration	(3,011,876)	-	-	(3,011,876)
Other income / (expenses)	87,758	(440,928)	(210,443)	(563,613)
Net financing expense	(803,296)	(30,102)	(776,355)	(1,609,753)
Net earnings / (loss) before tax	(3,727,414)	(471,030)	14,014,306	9,815,862
Cash	673,893	29,315	3,086,474	3,789,682
All other assets	45,893	12,309,003	39,726,329	52,081,225
Total assets	719,786	12,338,318	42,812,803	55,870,907
Additions to non-current assets	-	259,567	5,275,311	5,534,878
Total liabilities	3,975,109	1,013,509	10,406,789	15,395,407

As at and for the year ended December 31, 2024:

	Corporate Canada	Summit U.S.A.	Galaxy South Africa	Total
Revenue	-	-	13,828,966	13,828,966
Mine operating costs	-	-	(11,950,037)	(11,950,037)
General and administration	(1,975,112)	-	-	(1,975,112)
Other income / (expenses)	37,068	(118,109)	147,893	66,852
Net financing expense	(110,041)	(27,144)	(1,000,183)	(1,137,368)
Net earnings / (loss) before tax	(2,048,085)	(145,253)	1,026,639	(1,166,699)
Cash	73,547	-	261,915	335,462
All other assets	33,223	12,049,435	33,281,807	45,364,465
Total assets	106,770	12,049,435	33,543,722	45,699,927
Additions to non-current assets	-	-	3,176,273	3,176,273
Total liabilities	3,220,805	700,050	11,690,222	15,611,077

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In the year ended December 31, 2025 the Company had one customer that contributed to more than 10% of revenue, being \$33.3 million (year ended December 31, 2024 the Company had one customer that contributed to more than 10% of revenue, being \$13.6 million).

20. Supplementary cashflow information

The following table details changes in the Company's liabilities arising from financing activities:

	Borrowings	
	2025	2024
As at January 1,	3,892,086	4,546,834
Financing cash flows		
Loans	-	200,000
Repayments	(2,300,000)	(900,000)
Interest paid	(161,918)	(439,449)
Other changes		
Finance cost	909,250	1,314,199
Gain on extinguishment	-	(779,498)
Working capital	50,000	(50,000)
As at December 31,	2,389,418	3,892,086