



## **STERLING METALS CORP.**

### **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025**

Expressed in Canadian Dollars

### **NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim financial statements.

# STERLING METALS CORP.

*Expressed in Canadian Dollars*

## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Sterling Metals Corp.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of unaudited condensed interim financial statements.

The Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the unaudited condensed interim financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements were approved by the Board of Directors on August 22, 2025.

***"Mathew Wilson"***

Mathew Wilson, CEO

***"Dennis Logan"***

Dennis Logan, CFO

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	June 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$1,432,392	\$1,417,285
Sales tax receivable	121,163	88,799
Interest receivable on GIC investment	-	16,890
Prepaid expenses	141,703	44,662
<b>Total Current Assets</b>	<b>1,695,258</b>	<b>1,567,636</b>
Vehicle and equipment (Note 7)	71,738	83,994
Property rights, evaluation and exploration assets (Note 8, Note 13)	13,989,234	12,885,861
	<b>14,060,972</b>	<b>12,969,855</b>
<b>Total Assets</b>	<b>\$15,756,230</b>	<b>\$14,537,491</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 9, Note 13)	\$231,392	\$266,610
Flow-through share premium liability (Note 10)	-	162,465
<b>Total Current Liabilities</b>	<b>231,392</b>	<b>429,075</b>
<b>Total Liabilities</b>	<b>231,392</b>	<b>429,075</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)	50,783,470	49,759,150
Warrants (Note 11)	13,448,688	12,989,679
Share-based payment reserve (Note 11)	17,403,257	16,652,457
Deficit	(66,110,577)	(65,292,870)
<b>Total Shareholders' Equity</b>	<b>15,524,838</b>	<b>14,108,416</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$15,756,230</b>	<b>\$14,537,491</b>
Nature of operations and going concern (Note 1)		
Commitments (Note 8 and 10)		

The financial statements were approved by the Board of Directors on August 22, 2025, and were signed on its behalf by:

***“Stephen Keith”***

Stephen Keith, Director

***“Mark Goodman”***

Mark Goodman, Director

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
<b>General and Administrative Expenses</b>				
General and administration	\$65,833	\$86,647	\$131,815	\$141,279
Investor relations	59,788	43,141	91,767	139,552
Management and Director fees (Note 13)	75,072	177,025	158,477	274,204
Consulting fees	-	92,269	-	92,269
Share-based compensation (Note 11, Note 13)	-	-	750,800	-
Exploration costs	2,921	257	6,556	257
Professional fees	33,631	75,543	74,648	102,842
<b>Loss before other income (expense)</b>	<b>(237,245)</b>	<b>(474,882)</b>	<b>(1,214,063)</b>	<b>(750,403)</b>
<b>Other income (expense)</b>				
Government Grant (Note 15)	58,635	225,000	258,635	225,000
Recovery of flow-through premium liability (Note 10)	153,457	118,257	162,465	160,287
Interest income (expense)	-	4,863	(24,744)	11,073
<b>Net loss and comprehensive loss for the year</b>	<b>(\$25,153)</b>	<b>(\$126,762)</b>	<b>(\$817,707)</b>	<b>(\$354,043)</b>
<b>Net loss and comprehensive loss for the year</b>	<b>(25,153)</b>	<b>(126,762)</b>	<b>(817,707)</b>	<b>(354,043)</b>
<b>Net loss per share for the period</b>				
Basic and diluted loss per share	<b>\$0.00</b>	<b>(\$0.01)</b>	<b>(\$0.03)</b>	<b>(\$0.02)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>30,920,779</b>	<b>17,437,059</b>	<b>28,098,193</b>	<b>14,343,501</b>

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Number of shares outstanding	Share Capital	Warrants	Share Based Payment Reserve	(Deficit)	Total Equity
<b>Balance at January 1, 2024</b>	<b>11,249,928</b>	<b>\$42,215,341</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,573,918)</b>	<b>\$17,259,322</b>
Shares issued on property acquisition (Note 8, 11)	10,808,767	5,944,822	-	-	-	5,944,822
Shares issued on property option acquisition (Notes 8, 11)	850,000	680,000	-	-	-	680,000
Share-based compensation - Finder's fee (Notes 8, 11)	206,484	123,890	-	-	-	123,890
Share-based compensation - Finder's fee (Notes 8, 11)	140,000	84,000	-	-	-	84,000
Net loss and comprehensive loss for the period	-	-	-	-	(227,281)	(227,281)
<b>Balance at June 30, 2024</b>	<b>23,255,179</b>	<b>\$49,048,053</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,801,199)</b>	<b>\$23,864,753</b>
<b>Balance at July 1, 2024</b>	<b>23,255,179</b>	<b>\$49,048,053</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,801,199)</b>	<b>\$23,864,753</b>
Shares and warrants issued on private placement (Note 11)	1,583,600	791,800	-	-	-	791,800
Share issuance costs (Note 11)	-	(80,703)	-	-	-	(80,703)
Issuance of broker warrants (Note 11)	-	-	24,237	-	-	24,237
Net loss and comprehensive loss for the period	-	-	-	-	(10,491,671)	(10,491,671)
<b>Balance at December 31, 2024</b>	<b>24,838,779</b>	<b>\$49,759,150</b>	<b>\$12,989,679</b>	<b>\$16,652,457</b>	<b>(\$65,292,870)</b>	<b>\$14,108,416</b>
<b>Balance at January 1, 2025</b>	<b>24,838,779</b>	<b>\$49,759,150</b>	<b>\$12,989,679</b>	<b>\$16,652,457</b>	<b>(\$65,292,870)</b>	<b>\$14,108,416</b>
Shares and warrants issued on private placement (Note 11)	6,082,000	1,057,891	462,609	-	-	1,520,500
Issuance costs (Note 11)	-	(33,571)	(14,567)	-	-	(48,138)
Issuance of Broker Warrants (Note 11)	-	-	10,967	-	-	10,967
Share-based compensation - grant of stock options (Notes 8, 11, 15)	-	-	-	750,800	-	750,800
Net loss and comprehensive loss for the period	-	-	-	-	(817,707)	(817,707)
<b>Balance at June 30, 2025</b>	<b>30,920,779</b>	<b>\$50,783,470</b>	<b>\$13,448,688</b>	<b>\$17,403,257</b>	<b>(\$66,110,577)</b>	<b>\$15,524,838</b>

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
<b>Operating activities</b>		
Net loss for the period	(\$817,707)	(\$354,043)
Add (deduct) non-cash items:		
Share-based compensation (finders fee paid in shares in 2024)	\$750,800	72,269
Non-cash recovery of flow-through share premium liability (Note 10)	(162,465)	(160,287)
	(229,372)	(442,061)
<b>Net change in non-cash working capital</b>		
Sales tax receivable	(32,364)	10,068
Interest receivable on GIC investment	16,890	31,130
Prepaid expenses	(97,041)	78,920
Accounts payable and accrued liabilities	(35,218)	67,513
<b>Cash used in operating activities</b>	<b>(377,105)</b>	<b>(254,430)</b>
<b>Investing activities</b>		
Purchase of vehicle and equipment )(Note 7)	(9,480)	(3,087)
Property rights, evaluation and exploration costs (Note 8)	(1,081,637)	(1,309,806)
<b>Cash used in investing activities</b>	<b>(1,091,117)</b>	<b>(1,312,893)</b>
<b>Financing activities</b>		
Issuance of common shares and warrants and share premium liability (Note 11)	1,520,500	-
Issuance costs allocated to shares and warrants (Note 11) and share premium liability (Note 10)	(37,171)	-
<b>Cash provided by financing activities</b>	<b>1,483,329</b>	<b>-</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>15,107</b>	<b>(1,567,323)</b>
Cash and cash equivalents at beginning	1,417,285	3,811,689
<b>Cash and cash equivalents at ending</b>	<b>\$1,432,392</b>	<b>\$2,244,366</b>
<b>Cash and cash equivalents consists of :</b>		
Cash	\$ 1,432,392	\$ 3,308,069
GIC investment certificate	-	-
	\$ 1,432,392	\$ 3,308,069
<b>Supplementary Cash Flow Information</b>		
Issuance of 11,155,251 common shares on property acquisition	\$ -	\$ 6,066,091
Accrued interest on GIC as of December 31, 2023 received January 15, 2024	\$ -	\$ 31,130
Accrued interest on GIC as of December 31, 2024 received March 31, 2025	\$ 16,890	\$ -
Interest received on GIC investment	\$ 5,505	\$ 4,863
Taxes paid	\$ -	\$ -
Interest paid	\$ (30,249)	\$ -
Software costs capitalized to mineral properties	\$ 8,657	\$ -
Depreciation and amortization capitalized to mineral properties	\$ 21,736	\$ 19,923

# **STERLING METALS CORP.**

## **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025**

*Expressed in Canadian Dollars*

### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

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#### **1) Nature of operations and going concern**

Sterling Metals Corp. ("SAG" or "the Company") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company's principal business activity is the exploration and development of resource properties. The head office of the Company is located at Suite 401, 217 Queen Street West, Toronto, ON, M5V 0R2. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol SAG.

These unaudited condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$817,707 for the six months ended June 30, 2025 (six months June 30, 2024, net loss of \$354,043). As of June 30, 2025, the Company had an accumulated deficit of \$66,110,577 (December 31, 2024: \$65,292,870). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. On June 30, 2025, the Company had a total of \$1,695,258 of current assets and a working capital balance of \$1,463,866 and had flow through expenditure commitments of *\$nil* to be incurred prior to December 31, 2025.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

#### **2) Statement of compliance and basis of presentation**

These unaudited condensed interim financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August 22, 2025.

#### **3) Material accounting policies**

These unaudited condensed interim financial statements were prepared on an historical cost basis using the accrual basis of accounting, except for the cash flow statement.

These financial statements are presented in Canadian dollars. The functional currency was determined using the currency of the primary economic environment in which the entity operates. The functional currency, as determined by management, of the Company is the Canadian dollar. All amounts are rounded to the nearest dollar.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2024.

**STERLING METALS CORP.**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025**

*Expressed in Canadian Dollars*

**NOTES TO THE FINANCIAL STATEMENTS**

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**4) Critical accounting judgements, estimates and assumptions**

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future period affected.

The critical judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements are further detailed in note 4 of the Company's audited financial statements for the year ended December 31, 2024.

**5) New accounting standards issued and adopted in the current period and Recent accounting pronouncements not yet adopted**

Recent Accounting Pronouncements not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2025, and have not been early adopted in preparing these consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7")

IFRS 9 requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard is being clarified to provide better guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes, especially during debt restructuring based on the timing of payments on financial liabilities as compared to the actual settlement of those debts. This clarification may result in a change in the derecognition timing of financial liabilities in situations where electronic payments are involved. These amendments are effective for annual periods beginning on or after January 1, 2026, with earlier adoption permitted.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category. These amendments are effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted. IFRS 18 requires retroactive application with certain transition provisions.

Annual Improvements to IFRS Accounting Standards

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, which contains amendments to Hedge Accounting by a First-time Adopter (Amendments to IFRS 1), Gain or Loss on Derecognition (Amendments to IFRS 7), Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7), Determination of a 'De Facto Agent' (Amendments to IFRS 10), Derecognition of Lease Liabilities (Amendments to IFRS 9) and Cost Method (Amendments to IAS 7). The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The extent of the impact of the amendments on the Company's consolidated financial statements has not yet been determined.



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**NOTES TO THE FINANCIAL STATEMENTS**

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**6) Financial instruments and risk management**

**a) Fair value hierarchy**

Financial instruments recorded at fair value are measured using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company does not have any financial instruments measured at fair value. The Company's financial instruments include cash, accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate their fair values due to their short-term nature.

**b) 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 arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk from the prior year.

**c) Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of a financial instrument. Market risk is comprised of interest rate risk, currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. On June 30, 2025, management believes that the Company was not subject to material interest rate, currency risk or other price risk. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk from the prior year.

**d) 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. Liquidity risk management involves maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations. As of June 30, 2025, all accounts payable and accrued liabilities are due within 45 days, and the Company has sufficient cash resources to meet these obligations as they come due.

As of June 30, 2025, the Company had positive working capital of \$1,463,866. Available funds from cash and cash equivalents on hand and working capital are expected to be sufficient to cover a portion of the Company's planned expenditures for the next twelve months. Any shortfall in available funds may be made up of possible proceeds of possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk from the prior year.

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**NOTES TO THE FINANCIAL STATEMENTS**

**7) Vehicles and Equipment**

	Vehicles	Equipment	Total
<b>Cost</b>			
<b>Balance December 31, 2024</b>	\$ 111,313	\$ 78,350	\$ 189,663
Additions	-	9,480	9,480
Disposals	-	-	-
<b>Balance June 30, 2025</b>	<b>\$ 111,313</b>	<b>\$ 87,830</b>	<b>\$ 199,143</b>
	111313	87830	189663
<b>Accumulated Amortization</b>			
<b>Balance December 31, 2024</b>	<b>\$ (66,344)</b>	<b>\$ (39,325)</b>	<b>\$ (105,669)</b>
Amortization	(11,577)	(10,159)	(21,736)
Disposals	-	-	-
Additions	-	-	-
<b>Balance June 30, 2025</b>	<b>\$ (77,921)</b>	<b>\$ (49,484)</b>	<b>\$ (127,405)</b>
<b>Carrying Amounts</b>			
<b>At December 31, 2024</b>	44,969	39,025	83,994
<b>Balance June 30, 2025</b>	<b>\$ 33,392</b>	<b>\$ 38,346</b>	<b>\$ 71,738</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**8) Property rights, evaluation and exploration assets**

	Sail Pond		Adeline		Soo Copper		Total
<b>Carrying amount</b>							
<b>Balance January 1, 2024</b>	\$	10,231,114	\$	3,429,927	\$ -	\$	13,661,041
<b>Acquisitions</b>							
Cash		\$ -	\$	200,000	\$	460,000	\$ 660,000
Common shares issued		-		680,000		6,152,713	6,832,713
<b>Exploration</b>							
Drilling		-		-		-	-
Field and administration		31,055		58,722		390,603	480,380
Geological and Geophysical services		24,500		219,272		1,237,850	1,481,622
Assays		15,069		3,173		15,110	33,352
Prospecting		-		-		-	-
Depreciation and amortization capitalized		3,063		11,523		26,967	41,553
Impairment of mineral property carrying value		(10,304,800)		-		-	(10,304,800)
<b>Balance December 31, 2024</b>	\$	1	\$	4,602,617	\$	8,283,243	\$12,885,861
<b>Acquisitions</b>							
Cash		\$ -		\$ -		\$ -	\$ -
Common shares issued		-		-		-	-
<b>Exploration</b>							
Drilling		-		-		418,627	418,627
Field and administration		-		121,928		229,991	351,919
Geological and Geophysical services		-		3,204		206,216	209,420
Assays		-		-		91,556	91,556
Prospecting		-		-		10,115	10,115
Depreciation and amortization capitalized		-		-		21,736	21,736
Impairment of mineral property carrying value		-		-		-	-
<b>Balance June 30, 2025</b>	\$	1	\$	\$4,727,749	\$	9,261,484	\$13,989,234

**Sail Pond Silver-Copper-Lead-Zinc Project**

On September 23, 2020, the Company entered into an option agreement (“Sail Pond Property Option Agreement”) with Altius Resources Inc. to purchase from Altius Resources Inc., 100% of the Sail Pond silver-copper-lead-zinc project (“Project”) on the Great Northern Peninsula of Newfoundland. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the “Agreement”), the Company issued 589,913 common shares of the Company, representing approximately 19.9% of the then outstanding shares of the Company, to Altius Resources Inc. Altius also holds a 2% NSR royalty over the project. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of \$500,000 within the first 12 months and \$1,000,000 within the first 3 years of entering into the agreement. Additionally, the Company was committed to issue Altius Resources Inc. an additional \$200,000 in common shares on the earlier of 12 months from the date of signing or on the completion of an equity financing of at least \$2,000,000. On February 1, 2021, the Company issued an additional 60,606 common shares valued at \$200,000 to Altius in satisfaction of this commitment.

The Company has met the conditions under the property option purchase agreement and now holds a 100% interest in the project.

As of December 31, 2024, the Company recorded an impairment loss of \$10,304,800 against the carrying value of the Sail Pond Project after concluding that due to the lack of recent exploration activities and lack of planned exploration activities for the Project, indicated that the carrying value of the Project would not be recoverable. As such, the Project was impaired to a nominal amount of \$1. The impairment charge is a non-cash charge and may be reversed in future periods should market conditions warrant.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**Adeline Copper-Silver Project**

On March 6, 2023, the Company entered into an option agreement ("Adeline Property Option Agreement") with Chesterfield Resources Plc, and its wholly owned subsidiary, Chesterfield (Canada) Inc. (collectively "**Chesterfield**") to purchase from Chesterfield, 100% of the Adeline Copper-Silver project in Labrador. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company made a cash payment of \$100,000. On approval of the transaction by the TSX Venture Exchange, the Company issued 450,000 common shares of the Company, to Chesterfield Resources Plc., and made an additional cash payment of \$300,000 to Chesterfield (Canada) Inc. On June 18, 2024, the Company completed the renegotiation of the option agreement and paid \$200,000 in cash (paid July 4, 2024) and issued an additional 850,000 common shares valued at \$680,000 to Chesterfield Resources Plc. (issued July 10, 2024) acquiring a 100% interest in the Adeline Copper-Silver Project.

**Soo Copper (Formerly Copper-Road) Project**

On February 13, 2024 the Company entered into a definitive share purchase agreement (the "Agreement"), with Copper Road Resources Inc. (the "Vendor") and its wholly-owned subsidiary, 100797918 Ontario Inc. (the "Subsidiary") to acquire 100% interest in the Soo Copper (formerly Copper Road) Project ("Soo Copper" or the "Project"), from Copper Road Resources Inc. (TSXV: CRD), arm's length parties to the Company (the "Transaction"). Soo Copper is located 80km north of Sault Ste. Marie, Ontario, Canada.

In order to effect the Transaction, the Vendor assigned all its right, title and interest to the Project, including two option agreements (the "Option Agreements"), to the Subsidiary. The Company acquired, by way of an exempt takeover bid, all of the issued and outstanding common shares (the "Purchased Shares") in the capital of the Subsidiary from the Vendor, in consideration, of the issuance to the Vendor of 10,808,767 common shares (the "Common Shares") in the capital of the Company (valued at \$5,944,822) which was equal to 49% of the issued and outstanding Common Shares immediately upon closing of the Transaction on May 10, 2024, and made aggregate cash payments of \$460,000 to the Vendor, comprised of \$200,000 upon execution of the Agreement (paid on March 1, 2024) and \$260,000 (paid May 10, 2024) upon closing of the Transaction. All claims were subsequently transferred directly to the Company. As of December 31, 2024, the Company held a 100% direct interest in the Copper Road Project, an exploration stage property that has been accounted for as an asset acquisition by the Company. The Transaction was approved by shareholders of the Vendor on April 30, 2024, by a shareholder vote, and approved by the TSX Venture Exchange on May 10, 2024. The Company paid a finder's fee of 206,484 common shares valued at \$0.60 per share for a total of \$123,890 and issued 140,000 common shares valued at \$0.60 per share for a total of \$84,000 for option payments owed by Copper Road on certain mineral claims.

**9) Accounts payable and accrued liabilities**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Accounts payable	\$ 199,384	\$ 234,602
Accrued liabilities	32,008	32,008
<b>Total</b>	<b>\$ 231,392</b>	<b>\$ 266,610</b>

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**10) Flow-through share premium liability**

A summary of the changes in the Company's flow-through share premium liability was as follows:

<b>Flow-Through Share Premium Liability</b>	
<b>Balance December 31, 2023</b>	<b>\$ 396,863</b>
Flow-through share premium on the issuance of flow-through common share units (Note 11 (b))	237,540
Issuance costs allocated to the flow-through share premium liability	(24,210)
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(447,728)
<b>Balance December 31, 2024</b>	<b>\$ 162,465</b>
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(162,465)
<b>Balance June 30, 2025</b>	<b>-</b>

As of June 30, 2025, the Company settled all of the flow-through share liability by renouncing eligible exploration expenditures on the October 2024 flow through issuance. The Company received a grant of \$200,000 from the Government of Ontario on February 7, 2025, for eligible expenditures incurred on its Copper Road Project in 2024 and received a further grant of \$58,634 from the Government of Newfoundland & Labrador on April 3, 2025, for eligible expenditures incurred on its Adeline project in 2024. During the six months ended June 30, 2025, the Company also paid \$30,249 in interest to the Canada Revenue Agency on Flow Through funds not spent by December 31, 2023 from the April 20-23 flow through share issuance.

**11) Share capital**

**a) Authorized**

Unlimited number of common shares without par value. There are no restrictions on the Company's common shares with respect to issuance, transfer, distribution of dividends, the repayment of capital or voting rights.

**b) Issued**

Six Months ended June 30, 2025

On March 25, 2025, the Company announced it closed a non-brokered private placement of 6,082,000 units (each, a "Unit") at a price of \$0.25 per Unit for aggregate gross proceeds of \$1,520,500. Each Unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one common share in the capital of the company at a price of \$0.40 per common share for a period of two (2) years from the closing of the private placement. The total gross proceeds were allocated to common shares and warrants in the amounts of \$1,057,891 and \$462,609 respectively. In connection with the private placement, the Company paid certain eligible persons ("Finders") a cash commission of \$8,250 equal to 6% of the gross proceeds of the private placement introduced by the finders and issued 33,000 broker warrants. Equal to 6% of the number of units issued pursuant to the private placement that were introduced by the Finders. Each Broker Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.40 per Common Share in the capital of the Company for a period of two (2) years from the closing of the private placement. The March 25, 2025 Broker Warrants were valued at \$10,967.

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	Broker Warrants	Warrants
Assumption	March 25, 2025	March 25, 2025
Share price	\$0.34	\$0.34
Strike Price	\$0.40	\$0.40
Risk-free rate	2.61%	2.61%
Expected dividend yield	0.00%	0.00%
Expected volatility	216.76%	216.76%
Warrant life in years	2.00	2.00

Year ended December 31, 2024

On October 23, 2024, the Company closed a non-brokered private placement through the issuance of 1,583,600 common shares in the capital of the Company issued on a flow-through basis (each a “**FT Share**”) at a price of \$0.65 per FT Share. Total gross proceeds of \$1,029,340 were allocated to common shares and share premium liability in the amounts of \$791,800 and \$237,540 respectively. The Company paid certain eligible persons (the “**Finders**”) a cash commission of \$63,838 equal to 7% of the gross proceeds delivered by the Finders and incurred \$16,865 in other fees and disbursements related to the share issuance. The Company issued 98,213 Broker Warrants with a strike price of \$0.65 and a term of one year. The October 23, 2024 Broker Warrants were valued at \$24,237.

	Broker Warrants
Assumption	October 23, 2024
Share price	\$0.50
Strike Price	\$0.65
Risk-free rate	3.25%
Expected dividend yield	0.00%
Expected volatility	149.58%
Warrant life in years	1.00

During the year ended December 31, 2024, the Company issued 10,808,767 common shares valued at \$5,944,822 (\$0.55 per common share) on the acquisition of the Soo Copper project that closed on May 10, 2024, issued 206,484 common shares valued at \$123,890 in lieu of a cash finder’s fee on the acquisition of Soo Copper and issued 140,000 common shares valued at \$84,000 as payment in lieu of cash for option payments owed by Copper Road Resources (the Vendor) on certain mineral rights that were acquired by the Company (in each case the shares were valued at \$0.60 per common share, the market price of the Company’s shares on the date the shares were issued). On July 10, 2024, the Company issued 850,000 common shares valued at \$680,000 (\$0.80 per share) to Chesterfield Plc. as final payment on the acquisition of a 100% interest in the Adeline Project.

**c) Stock options**

The Company has established an incentive stock option plan (the “**Plan**”) for management, directors, and consultants of the Company, as designated and administered by a committee of the Company’s Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company. The plan is approved annually by shareholders and was last approved on August 14, 2025, at the Annual and Special Meeting of Shareholders

During the six months ended June 30, 2025

On March 26, 2025, the Company granted 2,430,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of \$0.40 per common share for a period of two years from the grant date. The Company recognized \$750,800 in share-based compensation for the stock options that were granted.

During the year ended December 31, 2024

No incentive stock options were granted during the year ended December 31, 2024.

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The weighted average assumptions used were as follows:

<b>Weighted Average</b>	<b>March 27, 2025</b>
Share price	<b>\$0.34</b>
Exercise price	<b>\$0.40</b>
Risk-free rate	<b>2.61%</b>
Expected dividend yield	<b>0.00%</b>
Expected volatility	<b>216.76%</b>
Warrant life in years	<b>2.00</b>

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2025:

<b>Expiry date</b>	<b>Exercise Price</b>	<b>June 30, 2025 Outstanding</b>	<b>June 30, 2025 Exercisable</b>
August-29-2025	\$1.50	17,500	17,500
March-26-2027	\$0.40	2,430,000	2,430,000
		<b>2,447,500</b>	<b>2,447,500</b>
			<b>June 30, 2025</b>
The outstanding options have a weighted-average exercise price of:			\$0.41
The weighted average remaining life in years of the outstanding options is:			1.73

The following table reflects the continuity of stock options for the periods presented:

<b>Stock option activity</b>	<b>June 30, 2025</b>	<b>Weighted Average Exercise price</b>	<b>December 31, 2024</b>	<b>Weighted Average Exercise price</b>
<b>Balance – beginning</b>	845,500	\$1.64	1,058,000	\$1.90
Granted	2,430,000	\$0.40	-	\$0.00
Expired	(828,000)	\$1.64	(212,500)	\$3.20
<b>Balance – ending</b>	<b>2,447,500</b>	<b>\$0.63</b>	<b>845,500</b>	<b>\$1.64</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**d) Warrants**

The following table summarizes warrants outstanding on June 30, 2025:

<b>Date of Issuance</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>June 30, 2025 Outstanding</b>
October-23-2024	October-23-2025	\$0.65	98,213
March-25-2027	March-25-2027	\$0.40	3,041,000
March-25-2027	March-25-2027	\$0.40	33,000
			<b>3,172,213</b>
			<b>June 30, 2025</b>
The outstanding warrants have a weighted-average exercise price of:			\$0.41
The weighted average remaining life in years of the outstanding warrants is:			1.67

The following table reflects the continuity of warrants for the periods presented:

<b>Warrant activity</b>	<b>June 30, 2025</b>	<b>Weighted Average Exercise price</b>	<b>December 31, 2024</b>	<b>Weighted Average Exercise price</b>
<b>Balance – beginning</b>	4,099,713	\$2.41	6,248,762	\$2.98
Issued on private placements	3,041,000	\$0.40	-	-
Issued to brokers	33,000	\$0.40	98,213	\$0.65
Expired	(4,001,500)	\$2.46	(2,247,262)	\$3.90
<b>Balance – ending</b>	<b>3,172,213</b>	<b>\$0.41</b>	<b>4,099,713</b>	<b>\$2.41</b>

The Company valued the March 27, 2025 warrants at \$473,576 (see Statement of Changes in Equity) using the following assumptions:

	<b>Broker Warrants</b>	<b>Warrants</b>
<b>Assumption</b>	<b>March 25, 2025</b>	<b>March 25, 2025</b>
Share price	\$0.34	\$0.34
Strike Price	\$0.40	\$0.40
Risk-free rate	2.61%	2.61%
Expected dividend yield	0.00%	0.00%
Expected volatility	216.76%	216.76%
Warrant life in years	2.00	2.00

**12) Capital management**

The Company's capital structure, as of June 30, 2025, consists of all components of shareholders' equity in the amount of \$15,524,838. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.



# STERLING METALS CORP.

## FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

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### NOTES TO THE FINANCIAL STATEMENTS

#### 13) Related party transactions

Related party transactions are summarized as follows:

Name and principal position	Year	Remuneration or fees (1)	Share based compensation (1)	Included in accounts payable (1)
Mathew Wilson, CEO - management fees <sup>2</sup>	2025	\$98,333	\$123,588	-
	2024	165,000	-	-
Dennis Logan, CFO - management fees <sup>2</sup>	2025	\$54,000	\$77,243	-
	2024	54,000	-	-
Jeremy Niemi, VP Exploration <sup>2,3</sup>	2025	\$90,000	\$108,140	\$15,000
	2024	90,000	-	-
Mark Goodman, Director - director fees	2025	\$3,000	\$46,346	\$3,000
	2024	-	-	-
Richard Patricio, Director - director fees	2025	\$0	\$0	-
	2024	10,000	-	-
Stephen Kieth, Director - director fees	2025	\$3,000	\$46,346	-
	2024	12,000	-	-

(1) Amounts disclosed were paid or accrued to the related party during the six months ended June 30, 2025 and 2024.

(2) Amounts paid to the individuals indirectly through companies controlled by the related party.

(3) Amounts paid have been capitalized to Property rights, exploration and evaluation assets.

#### 14) Segmented operations

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

#### 15) Subsequent Events

On July 28, 2025, the Company closed a non-brokered private placement through the issuance of 3,193,445 common shares in the capital of the Company issued on a flow-through basis at a price of \$0.42 per flow through share and 3,310,723 units of the Company issued on a hard-dollar basis at a price of \$0.35 per unit. Each hard-dollar unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.50 per common share for a period of two (2) years from the closing. Total aggregate gross proceeds received was \$2,500,000. As part of the offering, the Company paid certain eligible persons a cash commission in the amount of \$69,325 and issued 167,915 broker warrants. Each broker warrant entitles the holder to acquire one common share at a price of \$0.50 per common share for a period of two (2) years.