KARUS MINING INC.

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2025

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

KARUS MINING INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		As at September 30, 2025		As at December 31, 2024
Assets				
Current assets				
Cash and equivalents	**$**	**169,217**	$	546,278
Amounts receivable		**17,462**		25,640
Prepaid expenses		**12,882**		13,167
		199,561		585,085
Non-current assets				
Equipment (Note 6)		**-**		1,708
Reclamation bond (Note 7)		**16,715**		16,715
Exploration and evaluation assets (Note 7)		**16,673,706**		16,668,335
		16,690,421		16,686,758
Total assets	**$**	**16,889,982**	$	17,271,843
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	**$**	**275,826**	$	685,806
Long-term deferred income tax liability		**545,000**		545,000
Total liabilities		**820,826**		1,230,806
Shareholders' equity				
Share capital (Note 8)		**23,634,690**		21,539,709
Share-based reserves (Note 8)		**2,669,343**		1,463,643
Commitment to issue shares (Note 8)		**-**		2,094,981
Deficit		**(10,234,877)**		(9,057,296)
Total shareholders' equity		**16,069,156**		16,041,037
Total liabilities and shareholders' equity	**$**	**16,889,982**	$	17,271,843

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

"Tony Cina"
Director

"Scott Trebilcock"
Director

KARUS MINING INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended September 30, 2025	For the three months ended September 30, 2024	**For the nine months ended September 30, 2025**	For the nine months ended September 30, 2024
Expenses				
Depreciation (Note 6)	**$ -**	$ 428	**$ 1,708**	$ 1,283
Director Fees (Note 9)	**23,125**	98,630	**62,413**	98,630
General and administration	**41,195**	14,166	**127,814**	153,904
Marketing, advisory and investor relations	**610**	2,850	**1,430**	5,275
Professional fees (Note 9)	**51,250**	82,944	**204,018**	169,448
Share-based payments (Note 8)	**-**	-	**1,205,700**	128,925
Net loss before other items	**(116,180)**	(199,018)	**(1,603,083)**	(557,465)
Other items				
Foreign exchange	**63**	81	**(123)**	4,999
Gain on debt settlement (Note 12)	**-**	-	**238,679**	-
Gain on forgiveness of debt (Note 9)	**-**	-	**183,288**	-
Interest income	**1,629**	14,534	**3,658**	26,937
Listing expense (Note 5)	**-**	-	**-**	(1,366,694)
Other income	**-**	17,414	**-**	17,414
Net loss before income taxes	**(114,488)**	(166,989)	**(1,177,581)**	(1,874,809)
Deferred income tax recovery	**-**	23,000	**-**	34,000
Net loss and other comprehensive loss for the period	**$ (114,488)**	$ (143,989)	**$ (1,177,581)**	$ (1,840,809)
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.03)**	$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	**34,524,040**	32,969,832	**33,671,382**	29,808,874

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

KARUS MINING INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share capital					
	Common Shares	Amount	Share-based Reserves	Commitment to Issue Shares	Deficit	Total Shareholders' Equity
December 31, 2023	21,141,880	$ 5,568,774	$ -	$ -	$ (987,008)	$ 4,581,766
Shares issued for Theia transaction	9,166,016	12,374,121	1,334,718	-	-	13,708,839
Share capital distribution	2,661,936	3,593,614	-	-	(3,593,614)	-
Share-based payments (Note 8)	-	-	128,925	-	-	128,925
Net loss for the period	-	-	-	-	(1,840,809)	(1,840,809)
September 30, 2024	32,969,832	21,536,509	1,463,643	-	(6,421,431)	16,578,721
Share capital distribution	2,370	3,200	-	-	(3,200)	-
Shares to be issued (Note 8)	-	-	-	2,094,981	(2,094,981)	-
Net loss for the period	-	-	-	-	(537,684)	(537,684)
December 31, 2024	32,972,202	21,539,709	1,463,643	2,094,981	(9,057,296)	16,041,037
Share capital distribution	1,551,838	2,094,981	-	(2,094,981)	-	-
Share-based payments (Note 8)	-	-	1,205,700	-	-	1,205,700
Net loss for the period	-	-	-	-	(1,177,581)	(1,177,581)
September 30, 2025	34,524,040	$ 23,634,690	$ 2,669,343	$ -	$ (10,234,877)	$ 16,069,156

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

KARUS MINING INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2025	For the nine months ended September 30, 2024
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,177,581)**	$ (1,840,809)
Items not involving cash and equivalents:		
Depreciation	**1,708**	1,283
Listing expense	-	1,366,694
Interest income	**-**	(21,134)
Share-based payments	**1,205,700**	128,925
Deferred income tax recovery	**-**	(34,000)
Foreign exchange	**-**	(428)
Gain on debt settlement	**(238,679)**	-
Gain on forgiveness of debt	**(183,288)**	-
Changes in non-cash working capital items:		
Amounts receivable	**8,178**	66,502
Advances and prepaid expenses	**285**	40,166
Accounts payable and accrued liabilities	**16,087**	155,454
Cash used in operating activities	**(367,590)**	(137,347)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	**(9,471)**	(78,051)
Cash and cash equivalent acquired through Theia transaction	**-**	625,286
Cash and equivalents (used in) provided by investing activities	**(9,471)**	547,235
Change in cash and equivalents	**(377,061)**	409,888
Cash and equivalents at beginning of the period	**546,278**	186,898
Cash and equivalents at end of the period	**$ 169,217**	$ 596,786
Supplemental cash flow information:		
Interest received	**$ -**	$ -
Share capital distribution, recorded to deficit	**$ 2,094,981**	$ 3,593,614

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Karus Mining Inc. ("Karus" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) ("BCBCA") on November 20, 2020, under the name 1275702 B.C. Ltd and subsequently changed its name to Karus Gold Corp. on December 11, 2020, and to Karus Mining Inc. on February 14, 2024. The Company was incorporated as the target company for certain assets and liabilities spun out from KORE Mining Ltd. ("KORE"). On January 25, 2021, KORE completed a Plan of Arrangement pursuant to which KORE transferred to the Company all of KORE's Canadian exploration properties, which included the FG Gold and Gold Creek projects in the South Cariboo property and related equipment and exploration deposits, in exchange for 53,112,455 shares of the Company, which were distributed to KORE shareholders on the basis of one common share of the Company for every two KORE shares held.

On February 14, 2024, in anticipation of the acquisition of Theia Gold Corp. ("Theia"), Karus completed a consolidation of its outstanding common shares on the basis of one new consolidated share for every 10 outstanding shares, and concurrently changed its name from "Karus Gold Corp." to "Karus Mining Inc." On March 13, 2024, the Company closed on an amalgamation agreement (the "Amalgamation Agreement") to acquire 100% of the issued and outstanding common shares (the "Theia Shares") of Theia, a private British Columbia incorporated company, by way of a reverse takeover transaction (the "Theia Transaction"). Theia is an exploration stage entity with its main property being the Mineral Creek gold project in British Columbia.

Pursuant to the terms of the Amalgamation Agreement, the Theia Transaction was completed by way of a three-cornered amalgamation under the provisions of the British Columbia Business Corporation Act ("BCBCA") whereby 1452146 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Karus, incorporated in December 2023, amalgamated with Theia, and each of the Theia Shares, following the amalgamation, were exchanged for 2.5414 post-consolidated common shares of Karus. Following completion of the Amalgamation Agreement, Theia became a wholly-owned subsidiary of Karus, and the existing shareholders of Karus held approximately 30% in the capital of the Company while the former shareholders of Theia held approximately 70%.

Since the transaction resulted in the shareholders of Theia obtaining control of Karus, the Theia Transaction constituted a reverse acquisition for accounting purposes with Theia identified as the accounting acquirer. The net assets of Karus on the date of the reverse acquisition were deemed to have been acquired by Theia (Note 5). These condensed interim consolidated financial statements include the results of operations of Karus from March 14, 2024. The comparative amounts presented are those of Theia, prior to the reverse acquisition.

The Company's registered office is located at 1100 – 1111 Melville Street, Vancouver, BC V6E 3V6.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at September 30, 2025, the Company had an accumulated deficit of $10,234,877 (December 31, 2024 - $9,057,296). For the period ended September 30, 2025, the Company had no revenues and had a loss and comprehensive loss of $1,177,581. The Company does not generate any operating cash flows.

The Company's ability to continue to operate and to carry out its planned exploration activities for the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional debt or equity financing. There is no assurance that any such initiatives will be successful or sufficient and, as a result, this gives rise to a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The accounting policies adopted are consistent with those of the previous financial year.

These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on November 12, 2025.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries as at September 30, 2025. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The condensed interim consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

Effective March 13, 2024, Karus completed the acquisition of the outstanding Theia Shares (Note 5). As the shareholders of Theia obtained control of the Company through the exchange of their shares for the common shares of Karus, the Theia Transaction was accounted for in these condensed interim consolidated financial statements as a reverse takeover. Consequently, the condensed interim consolidated statement of loss and comprehensive loss and cash flows for the nine months ended September 30, 2025 and 2024 reflect the results of operations of Theia and Karus from March 14, 2024 (Note 5).

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of financial statements is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2024. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards as issued by IASB and IFRIC.

Adoption of New Accounting Standards and New Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these consolidated financial statements. The following accounting standards and amendments are effective for future periods:

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. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

IFRS 7 & IFRS 9 – *Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

4. CRITICAL ESTIMATES AND JUDGMENTS

The Company makes certain estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are discussed below:

Recoverability of Capitalized Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company and the maintenance of good standing of the mineral titles, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

Valuation of Share-Based Payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the stock options granted. This estimate also requires determining the most appropriate inputs to the valuation model including the expected lives of the stock options, volatility, interest rates and dividend yield and making assumptions about them. The model and assumptions used for estimating the fair value of share-based payment transactions are disclosed in Note 8.

Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Going Concern

As at September 30, 2025 and as at the date of this report, the Company had not advanced its mineral properties to commercial production. The Company's continuation as a going concern is dependent not only upon successful results from exploration activities on its mineral properties but also its ability to raise capital and attain profitable operations. In the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants or the issuance of debt securities to fund ongoing operations. The ability of the Company to raise capital will depend on market conditions; it may not be possible for the Company to raise capital on acceptable terms or at all.

5. REVERSE ACQUISITION

On March 13, 2024, Karus and Theia completed the Theia Transaction whereby each Theia Share was exchanged for 2.5414 common shares of Karus. Pursuant to the Theia Transaction, Karus issued 21,141,880 common shares in exchange for 8,318,989 Theia Shares. Immediately after giving effect to the Theia Transaction, the Company was owned approximately 70% by the original shareholders of Theia and 30% by the original shareholders of Karus. The Company also reconstituted its board of directors and management with persons appointed by Theia.

Considering the composition of the board and senior management and the relative ownership interests of the original Theia and Karus shareholders, Theia obtained control of the voting power of the Company and the resulting power to govern its financial and operating policies. The Theia Transaction was therefore accounted for as a reverse acquisition in accordance with guidance provided in IFRS 3, Business Combinations. Karus does not qualify as a business under IFRS 3. The Theia Transaction therefore was not considered a business combination but an issuance of common shares for the net assets of Karus by Theia. For accounting purposes, Theia (the legal subsidiary) was treated as the accounting parent company and Karus (the legal parent) was considered the accounting subsidiary in these condensed interim consolidated financial statements. As a result, Theia's assets, liabilities, and operations since incorporation are included in these condensed interim consolidated financial statements at their historical value. Karus' results of operations have been included from March 13, 2024.

The purchase price paid by Theia for the acquisition of the net assets of Karus was determined based on the number of shares (3,606,680), options (115,094) and restricted share units ("RSUs") (312,663) that Theia would have had to issue on March 13, 2024, to give the owners of Karus a 30% interest in Theia. The Theia Transaction resulted in a loss on Theia transaction of $1,336,694, representing the excess consideration transferred above the fair value of the net assets acquired and the following impact on these condensed interim consolidated financial statements:

(Expressed in Canadian dollars unless otherwise stated)

Consideration transferred:		
Fair value of Shares [1]	$	12,374,121
Fair value of stock options [2]		390,932
Fair value of RSUs [2]		943,786
Total Consideration	$	13,708,839
Fair value of net assets acquired [3]		
Cash and cash equivalent	$	731,286
Amounts receivable		12,151
Promissory note receivable		315,623
Advances and prepaid expenses		10,103
Deposits		288
Equipment		3,418
Exploration and evaluation assets		11,616,000
Accounts payable and accrued liabilities		(346,724)
Total fair value of net assets	$	12,342,145
Loss on Theia Transaction	**$**	**1,366,694**

1. The fair value of the Theia Shares was estimated based on the fair value of Karus' common shares after applying the exchange ratio for the Theia Transaction.

   Theia is deemed to have issued options and RSUs to the original holders of these Karus securities. The fair value of the RSU consideration was estimated based on the fair value of the Karus common shares, using the number of RSUs earned by the holders and applying the exchange ratio. The fair value of the stock options consideration was determined using the Black-Scholes option pricing model with the following key assumptions:
   - Expected life: 1.98 years
   - Stock price volatility: 100%
   - Discount rate: 4.14%.

   Total fair value of the deemed RSUs issued by Theia amounted to $1,072,711 of which $943,786 was recognized as consideration due to vesting provisions and the remaining value of $128,925 will be recognized as share-based payments expense as the compensation is earned.

2. The fair value of the net assets acquired of Karus approximates their book value as at March 13, 2024, except for the fair value of exploration and evaluation assets. The value of the exploration and evaluation assets was estimated through review of comparable transactions and applying a market multiple to the hectares owned by Karus for its South Cariboo Property.

(Expressed in Canadian dollars unless otherwise stated)

As at March 13, 2024, Karus had 9,166,016 common shares outstanding and issued 21,141,880 common shares to Theia shareholders. Karus also had 292,500 stock options and 794,601 RSUs outstanding. The number of equity instruments of Theia was updated to reflect the outstanding equity instruments of Karus based on the exchange ratio for the Theia Transaction, as follows:

	Theia Shares	Exchange Ratio	Karus Shares
Balance, as at December 31, 2023	8,318,989	2.5414	21,141,880
Deemed issuance for Theia transaction	3,606,680	2.5414	9,166,016
	11,925,669		30,307,896

	Theia Options	Exchange Ratio	Karus Options
Balance, as at December 31, 2023	-	2.5414	-
Deemed issuance for Theia transaction	115,094	2.5414	292,500
	115,094		292,500

	Theia RSUs	Exchange Ratio	Karus RSUs
Balance, as at December 31, 2023	-	2.5414	-
Deemed issuance for Theia transaction	312,663	2.5414	794,601
	312,663		794,601

All references to the number of common shares, options, RSUs and weighted average number of shares outstanding have been adjusted in these condensed interim consolidated financial statements retrospectively to reflect the Theia Transaction.

6. EQUIPMENT

		Vehicles
Cost		
Balance, December 31, 2023	**$**	**-**
Theia transaction acquisition		3,418
Balance, December 31, 2024 and September 30, 2025	**$**	**3,418**
Accumulated depreciation		
Balance, December 31, 2023	**$**	**-**
Addition		1,710
Balance, December 31, 2024		**1,710**
Addition		1,708
Balance, September 30, 2025	**$**	**3,418**
Total balance, December 31, 2024	$	1,708
Total balance, September 30, 2025	**$**	**-**

(Expressed in Canadian dollars unless otherwise stated)

7. EXPLORATION AND EVALUATION ASSETS

The balance and summary of the changes to the exploration and evaluation assets is as follows:

	Mineral Creek Property	South Cariboo Property	Greenfield Claims Options	Total
Balance, December 31, 2023	**$ 4,923,065**	**$ -**	**$ -**	**$ 4,923,065**
Acquisition costs:				
Claims	906	-	50,000	50,906
Theia transaction acquisition	-	11,457,062	158,938	11,616,000
Total acquisition costs	906	11,457,062	208,938	11,666,906
Exploration costs:				
Assays/lab	101	-	-	101
Geological consulting	25,465	11,339	-	36,804
Fieldwork/supplies	26,087	364	-	26,451
Travel and accommodation	5,998	9,010	-	15,008
Total exploration costs	57,651	20,713	-	78,364
Balance, December 31, 2024	**4,981,622**	**11,477,775**	**208,938**	**16,668,335**
Acquisition costs:				
Claims	1,000	5,165	-	6,165
Total acquisition costs	1,000	5,165	-	6,165
Exploration costs:				
Fieldwork/supplies	3,200	-	-	3,200
Geological consulting	106	-	-	106
Cost recoveries	(2,800)	(1,300)	-	(4,100)
Total exploration costs (recoveries)	506	(1,300)	-	(794)
Balance, September 30, 2025	**$ 4,983,128**	**$ 11,481,640**	**$ 208,938**	**$ 16,673,706**

Mineral Creek Property

During 2022, Theia acquired a 100% interest in the Mineral Creek Property in consideration of the issuance of 1,365,220 common shares valued at $2,047,830. The Mineral Creek Property is located 12 kilometers southeast of Port Alberni, on Vancouver Island, British Columbia.

The vendor of the Mineral Creek Property retained a 1.0% Net Smelter Returns (“NSR”) royalty.

As of September 30, 2025, Karus had a reclamation bond of $16,715 (December 31, 2023 - $16,715) on its Mineral Creek Property.

South Cariboo Property

The Company holds a collection of claims in British Columbia comprising the South Cariboo property, which includes the ‘FG Gold Project’ and the ‘Gold Creek Project’, located in the Cariboo Mining Division, British Columbia, Canada.

Other Claims

As part of the land holdings in the South Cariboo Property, during the year ended December 31, 2024, the Company has acquired two greenfield gold exploration projects named Hawk and TEP claims.

The TEP claims carries a future potential bonus payment on the Company of $1.50 per ounce of gold or gold equivalent identified as inferred, indicated, or measured in a NI 43-101 report. The TEP claims include a 2% NSR, of which one-half can be repurchased at any time prior to commercial production for $500,000.

The Hawk claims include a 1% NSR, of which one-half can be repurchased at any time prior to commercial production for $500,000.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value.

Issued and Outstanding

Period ended September 30, 2025:

During the period ended September 30, 2025, the Company issued 1,551,838 common shares valued at $2,094,981 pursuant to an arrangement with Yamana Gold Inc. (see below).

Year ended December 31, 2024:

On February 14, 2024, in anticipation of the acquisition of Theia, Karus completed a consolidation of its outstanding common shares on the basis of one new consolidated share for every 10 outstanding shares. All references in these statements and notes to shares of Karus are on a post-consolidated basis.

During the year ended December 31, 2024, pursuant to the Theia Transaction, the Company issued 21,141,880 common shares to the original Theia shareholders.

The completion of the Theia Transaction triggered certain contractual provisions between Theia and its initial investors. As a result, during the period, the Company issued 2,612,559 additional shares to certain initial shareholders of Theia. The estimated fair value of the shares being $3,526,956 was estimated using the same valuation methodology as the shares in Note 5, and was recognized as a distribution of capital.

The Company also has an arrangement with Yamana Gold Inc. (“Yamana”, a subsidiary of Pan American Silver Corp) whereby Yamana has rights to maintain a pro rata ownership interest of 1.89% in the Company on an undiluted basis at no additional cost to Yamana until the date the Company’s common shares are listed on a recognized stock exchange in Canada. As a result of these top-up provisions, the Company issued 51,747 shares valued at $69,858 to Yamana. If such listing of the Company’s shares does not occur by December 31, 2024, Yamana’s shareholding interest is to be topped up to 6.30% on an undiluted basis. As a result, the Company issued 1,551,838 common shares valued at $2,094,981 during the period ended September 30, 2025.

(Expressed in Canadian dollars unless otherwise stated)

Stock Options

Pursuant to a rolling stock option plan (the "Option Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding common shares, with the exercise price to be determined on the date of issuance of the options. The term of options granted under the Option Plan may not exceed five years and such options vest at terms to be determined by the Board of Directors at the time of the grant.

During the period ended September 30, 2025, the Company

i) granted 917,100 stock options valued $1,018,100 exercisable at $0.75 through June 30, 2030 to officers, directors, a former director, and consultants.
ii) granted 173,100 stock options valued $187,600 exercisable at $0.90 through June 30, 2030 to directors and a consultant.

During the year ended December 31, 2024, the Company

i) cancelled 192,500 stock options exercisable at $2.50 through March 7, 2026.
ii) signed agreements with former directors to settle monthly director fees in options valued at $144,000, of which was waived during the period ended September 30, 2025 (Note 9).

The fair value of the stock options recorded during the nine months ended September 30, 2025 was calculated using the Black Scholes option pricing model for total share-based compensation of $1,205,700 (2024 – $Nil). This was based on the following assumptions with no expected dividends or forfeitures:

	Period ended September 30, 2025	**Period ended September 30, 2024**
Exercise price	$0.77	-
Expected life (in years)	5.00	-
Expected volatility	100%	-
Risk-free interest rate	2.83%	-

A summary of options outstanding as follows:

	Number of Options	**Weighted Average Exercise Price**
Options outstanding, December 31, 2023	**-**	$ -
Theia transaction acquisition	292,500	6.35
Forfeited	(192,500)	2.50
Options outstanding, December 31, 2024	100,000	2.50
Granted	1,090,200	0.77
Options outstanding, September 30, 2025	**1,190,200**	$ 0.92

As at September 30, 2025, the following incentive stock options, were outstanding and exercisable:

Expiry date	**Number of Options Outstanding**	**Number of Options Exercisable**	**Exercise Price**
March 7, 2026	100,000	100,000	$ 2.50
June 30, 2030	917,100	917,100	$ 0.75
June 30, 2030	173,100	173,100	$ 0.90
	1,190,200	1,190,200	

(Expressed in Canadian dollars unless otherwise stated)

Restricted Share Units

Pursuant to a fixed Omnibus Plan ("Omnibus Plan"), the Company may reserve for issuance a maximum of 909,101 common shares as equity-based compensation awards. Together with the 10% rolling stock option plan, only a maximum of 10% of instruments under the Omnibus Plan and Option Plan may be granted to insiders. Awards under the Omnibus Plan may be granted in a form as designated by the Board, including restricted share units, deferred share units, and other performance-based instruments.

During the year ended December 31, 2024, the remaining fair value of the RSU's, $128,925, was expensed as it was earned (Note 5).

As at September 30, 2025 the following RSUs were outstanding and exercisable:

Grant date	Number of RSUs outstanding	Number of RSUs exercisable
March 8, 2021	220,000	220,000
August 3, 2023	150,000	150,000
December 12, 2023	384,101	384,101
	754,101	754,101

A summary of RSUs outstanding as follows:

	Number of RSUs
Outstanding, December 31, 2023	**-**
Theia transaction acquisition	794,601
Outstanding, December 31, 2024	794,601
Expired	(40,000)
Outstanding, September 30, 2025	**754,101**

9. RELATED PARTY TRANSACTIONS

Related Party Transactions

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

As part of the Theia Transaction (Note 5), an initial investor and former officer of the Company, directly and through a controlled company acquired 7,021,888 shares of the Company. In addition, as a result of certain contractual provisions involving Theia, the Company issued to the same investor and former officer 1,494,343 additional shares (Note 5). The fair value of these additional shares was estimated to be $2,017,363 and was recognized as a distribution of capital.

Karus advanced a loan to KORE in the principal amount of US$225,000 (equivalent to $306,450) in August 2023, which is recorded in promissory note receivable. The loan was an interest free loan if repaid by October 12, 2023, after which it would accrue interest at 10% per annum. As the loan was still outstanding as of October 12, 2023, the Company started accruing interest on the promissory note receivable. The loan is guaranteed by a director of KORE.

On May 2, 2024, the Company demanded repayment of a promissory note after the maturity date, and KORE failed to provide payment to the Company. As a result, the Company is pursuing legal action to recover the principal amount and accrued interest in accordance with the agreement. Due to uncertainty in recoverability, the Company impaired the promissory note receivable and recorded a loss of $369,896 during the year ended December 31, 2024.

Key Management Compensation

Key management is comprised of the Company's directors and executive officers. Key management compensation for the period ended September 30, 2025 included:

i) $90,000 (2024 - $40,000) to a former officer who remained as a consultant of the Company for consulting services.
ii) $108,000 (2024 - $72,000) to the former CEO for consulting services, including geological consulting services.
iii) $45,000 (2024 - $7,500) to a partnership in which the CFO has an interest for accounting services.
iv) $52,714 (2024 - $65,753) to directors of the Company for director fees.
v) $9,699 (2024 - $32,877) to a former director of the Company for director fees.
vi) 1,017,500 (2024 – Nil) options valued $975,093 (2024 - $Nil) granted to directors and officers of the Company (Note 8).

During the period ended September 30, 2025, a director and a former director agreed to waive all outstanding director fees which resulted in a gain of $183,288.

Included in the accounts payable and accrued liabilities as at September 30, 2025, is $207,202 (December 31, 2024 - $238,431) owed to a company controlled by a former officer, the former CEO, the partnership in which the CFO has an interest and directors of the Company. The amounts are unsecured, non-interest bearing and have no specific due date.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying values of cash, amounts receivable, advances, promissory note receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature.

Financial Risk Management

The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and note receivable.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

The promissory note represents a loan receivable from KORE and therefore carries counterparty risk. During the year ended December 31, 2024, the Company impaired the promissory note receivable and recorded a loss of $369,896. The impairment is mainly due a significant increase in credit risk whereby the expected credit loss was recognized.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at September 30, 2025, the Company had working capital deficiency of $76,265 (December 31, 2024 – $100,721). The Company is an exploration stage entity and as a result, does not yet generate any revenue. Karus will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available, or on terms that are favourable or acceptable to the Company. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

c. Interest Rate Risk

Interest rate risk arises from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash on which it earns variable rates of interest and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d. Foreign Currency Risk

As at September 30, 2025, the Company did not have any material monetary items denominated in foreign currencies.

11. SEGMENTED INFORMATION

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

12. DEBT SETTLEMENT

During the period ended September 30, 2025, the Company settled outstanding payables of $338,679 with an arm's length vendor in consideration of a cash payment of $100,000, which resulted in a gain of $238,679.

13. LETTER AGREEMENT

Pursuant to a letter agreement ("Letter Agreement") contemplating the provision of advisory services by a former related party to the Amalgamation Agreement dated April 2023, the Company may be required to issue 525,000 shares upon listing its shares on any stock exchange in Canada. Additionally, as compensation for advisory services provided thereafter, the Company may be required to issue additional shares upon achieving certain market capitalization and confirming resources milestones (collectively "Milestone Compensation"). The Letter Agreement provides that Milestone Compensation (1,260,000 shares in aggregate) could be accelerated should there be a sale of substantially all of the shares of the Company or a sale of the South Cariboo property. The Letter Agreement also provides that the payment of Milestone Compensation is subject to shareholder and Canadian stock exchange approval, if required.

To date, the Company has not listed its shares on a Canadian stock exchange. Accordingly, no expense has been recorded in the financial statements.