

**PARALLEL MINING CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MAY 31, 2025**

**(Expressed in Canadian dollars)**

## INDEPENDENT AUDITOR’S REPORT

**To the Shareholders of Parallel Mining Corp.**

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of Parallel Mining Corp. (the “Company”), which comprise the consolidated statements of financial position as at May 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards (“IFRS”).

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the continuation of the Company as a going concern is dependent upon attaining profitable operations and generating funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor’s report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of the Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to Note 2 – Basis of Presentation and Material Accounting Policies – Significant accounting estimates and assumptions; Exploration and evaluation assets and Note 4 Exploration and evaluation assets</i>	Evaluated the reasonableness of management’s assessment of impairment indicators, which included the following: <ul style="list-style-type: none"> <li>• Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the</li> </ul>
Management assesses at each reporting period whether	

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there is an indication that the carrying value of the exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

audit.

- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

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### **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Vancouver, BC, Canada  
September 26, 2025

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**PARALLEL MINING CORP.**Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

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		<b>May 31,</b>	<b><u>As at</u></b>	<b>May 31,</b>
	<b>Notes</b>	<b>2025</b>		<b>2024</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		\$ 11,419	\$	18,326
Prepays		13,415		8,939
Receivables		4,319		4,208
		29,153		31,473
<b>Non-current assets</b>				
Prepays	4	319,797		319,797
Exploration and evaluation assets	4	1,005,926		856,278
<b>TOTAL ASSETS</b>		<b>\$ 1,354,876</b>	<b>\$</b>	<b>1,207,548</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	3, 7	\$ 679,310	\$	519,543
Loans payable	10	1,529,757		1,597,598
<b>Total liabilities</b>		<b>2,209,067</b>		<b>2,117,141</b>
<b>SHAREHOLDERS' DEFICIT</b>				
Share capital	5	10,511,314		10,427,934
Subscriptions received	5	450,000		-
Deficit		(11,815,505)		(11,337,527)
<b>Total deficit</b>		<b>(854,191)</b>		<b>(909,593)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		<b>\$ 1,354,876</b>	<b>\$</b>	<b>1,207,548</b>
<b>Nature and continuance of operations</b>	1			
<b>Subsequent event</b>	13			

Approved on behalf of the Board:

"John Anderson"

John Anderson – Director

"Allan Fabbro"

Allan Fabbro - Director

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

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**PARALLEL MINING CORP.**

Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

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		<u>Year ended</u>	
	<u>Notes</u>	<u>May 31,</u> <u>2025</u>	<u>May 31,</u> <u>2024</u>
<b>EXPENSES</b>			
Consulting		\$ 44,374	\$ 7,000
Foreign exchange		25,797	8,228
Interest	7, 10	117,513	126,540
Investor relations		30,326	25,715
Management fees	7	84,000	84,000
Office and miscellaneous	7	3,881	3,154
Professional fees	7	115,439	93,055
Property investigation	7	15,000	39,995
Rent	7	23,500	12,000
Transfer agent and regulatory		16,254	12,119
Travel		23,244	24,157
		(499,328)	(435,963)
<b>OTHER ITEMS</b>			
Write-off of accounts payable		21,350	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>		\$ (477,978)	\$ (435,963)
<b>Loss per share - basic and diluted</b>		\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding - basic and diluted</b>		37,040,262	33,187,447

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

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**PARALLEL MINING CORP.**

Consolidated Statements of Changes in Shareholders' Deficit  
(Expressed in Canadian dollars)

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	<u>Share capital</u>		Subscriptions	Share-based	Deficit	Total
	Shares	Amount	received	payment reserve		
<b>Balance, May 31, 2023</b>	31,800,084	\$ 9,734,690	\$ 442,500	\$ 100,538	\$ (11,002,102)	\$ (724,374)
Private placement	4,645,000	696,750	(442,500)	-	-	254,250
Share issuance costs	-	(3,506)	-	-	-	(3,506)
Warrants expired, unexercised	-	-	-	(100,538)	100,538	-
Net loss for the year	-	-	-	-	(435,963)	(435,963)
<b>Balance, May 31, 2024</b>	36,445,084	10,427,934	-	-	(11,337,527)	(909,593)
Private placement	580,000	87,000	-	-	-	87,000
Share issuance costs	-	(3,620)	-	-	-	(3,620)
Subscriptions received	-	-	450,000	-	-	450,000
Net loss for the year	-	-	-	-	(477,978)	(477,978)
<b>Balance, May 31, 2025</b>	37,025,084	\$ 10,511,314	\$ 450,000	\$ -	\$ (11,815,505)	\$ (854,191)

See Note 5.

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

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**PARALLEL MINING CORP.**

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

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	<u>Year ended</u>	
	<b>May 31, 2025</b>	<b>May 31, 2024</b>
<b>Operating activities</b>		
Loss for the year	\$ (477,978)	\$ (435,963)
Items not involving cash:		
Interest	117,513	126,540
Accounts payable written-off	(21,350)	-
Changes in non-cash working capital items:		
Receivables and prepaids	(4,587)	134
Accounts payable and accrued liabilities	125,597	282,073
<b>Net cash flows used in operating activities</b>	<b>(260,805)</b>	<b>(27,216)</b>
<b>Investing activity</b>		
Exploration and evaluation assets	(94,128)	(159,614)
<b>Net cash flows used in investing activity</b>	<b>(94,128)</b>	<b>(159,614)</b>
<b>Financing activities</b>		
Repayment of loans	(205,530)	(54,798)
Shares issued for cash, net	83,380	250,744
Subscriptions received	450,000	-
<b>Net cash flows provided by financing activities</b>	<b>327,850</b>	<b>195,946</b>
<b>Effect of foreign exchange</b>	<b>20,176</b>	<b>5,362</b>
<b>Change in cash</b>	<b>(6,907)</b>	<b>14,478</b>
<b>Cash, beginning</b>	<b>18,326</b>	<b>3,848</b>
<b>Cash, ending</b>	<b>\$ 11,419</b>	<b>\$ 18,326</b>
<b>Supplemental disclosure of cash flow information</b>		
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 134,815	\$ 79,295
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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Non-cash transactions:

There were no non-cash transactions during the year ended May 31, 2025.

During the year ended May 31, 2024, the Company:

- a) reallocated \$422,500 from subscriptions received to share capital (Note 5), and
- b) reallocated \$100,538 from share-based payment reserve to deficit for expired, unexercised warrants (Note 5).

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

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# **PARALLEL MINING CORP.**

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Parallel Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (B.C.) on April 18, 2007 and its principal activity is the acquisition, exploration and development of exploration and evaluation assets. The Company delisted its common shares from the TSX-Venture Exchange (“TSX-V”) on March 8, 2022 and is currently evaluating the relisting of its common shares on a suitable public stock exchange.

The address of the Company’s registered records office, corporate and principal place of business is Suite 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuation as a going concern is dependent upon attaining profitable operations and generating funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company will require additional funding to maintain its expenditures and activities for the upcoming fiscal year. The Company has incurred a loss of \$477,978 for the year ended May 31, 2025 and as of that date, the Company’s total deficit was \$11,815,505. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business. The impact on the Company is not currently determinable but management continues to monitor the situation, particularly in Ethiopia where the Company has title to minerals property licenses.

## **2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES**

The consolidated financial statements were authorized for issue on September 26, 2025 by the Directors of the Company.

### **Statement of compliance to International Financial Reporting Standards**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

### **Principles of consolidation**

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned subsidiary Parallel Mining Corp. (Ethiopia). All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiary, unless denominated otherwise.

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## **PARALLEL MINING CORP.**

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)**

#### **Significant accounting estimates and assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the determination of the recoverability of the carrying value of exploration and evaluation assets. Actual results may differ from those estimates.

#### **Significant judgments**

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the assessment of indications of impairment of each mineral property requires significant management judgement, and
- the determination of the functional currency of the parent company and its subsidiaries.

#### **Exploration and evaluation assets**

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable and at least annually.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

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## PARALLEL MINING CORP.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### Future site restoration costs

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

#### Share-based compensation

The Company grants stock option to directors, officers and consultants. The standard requires that all share-based awards be measured and recognized using a fair value based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes Option Pricing Model.

#### Financial instruments

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's classification of financial instruments in accordance with IFRS 9 is as follows:

Financial asset/ liability	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

##### (ii) Measurement

#### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

#### *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

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## PARALLEL MINING CORP.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### (ii) Measurement (continued)

##### *Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

##### *Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### (iv) Derecognition

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

##### *Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

#### Foreign currency translation and transactions

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

#### Loss per share

The Company computes earnings (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures are calculated using the weighted average number of shares outstanding during the respective years. Diluted loss per share is computed, by dividing net loss by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of stock options or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares

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## PARALLEL MINING CORP.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### Loss per share (continued)

at the average market price during the year. Diluted loss per share figures for the years presented are equal to those of basic loss per share for the years since the effects of stock options and warrants are anti-dilutive.

#### Income taxes

##### Current income tax:

Current income tax assets and liabilities for the current period 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 substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax:

Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

#### Share capital

The Company's common shares and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units.

#### Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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**PARALLEL MINING CORP.**

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES** (continued)**Impairment of assets** (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**New accounting standards issued but not yet effective**

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. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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	<b>May 31,</b>	<b>May 31,</b>
	<b>2025</b>	<b>2024</b>
Accounts payables (Note 7)	\$ 650,860	\$ 494,543
Accrued liabilities	28,450	25,000
	<b>\$ 679,310</b>	<b>\$ 519,543</b>

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## PARALLEL MINING CORP.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 4. EXPLORATION AND EVALUATION ASSETS

#### *Force majeure*

In November 2020, armed conflicts broke out in the Tigray Region of northern Ethiopia and a state of emergency was declared in the Tigray Region by the Federal Democratic Republic of Ethiopia government. The Company immediately suspended all work programs and invoked force majeure by notification to Ethiopia's Ministry of Mines and Petroleum ("MoMP"). The Company received letters from the MoMP confirming that the Ministry had accepted the force majeure declaration on its exploration licenses. During force majeure, all work and contractual commitments on the Company's exploration projects were deferred until it was deemed safe and stable by the Company to resume exploration work in the region. During the year ended May 31, 2024, the Company received a letter from the Interim Regional Administration of Tigray, Office of the President, confirming the ending of the force majeure period in the Tigray region.

Exploration and evaluation assets at May 31, 2025 comprise:

#### *Lightning Property - License MOM\EL\00393\2020*

On August 24, 2020, the Company applied for an exploration license from the MoMP of the Federal Democratic Republic of Ethiopia for exploration license number MOM\EL\00393\2020 located in Tigray, Ethiopia. The exploration license was granted on July 9, 2021. The exploration license was valid for a period of 3 years with an option to renew on or before 60 days prior to expiry of the term. The license has been renewed until July 8, 2027. During the year ended May 31, 2025, the Company incurred \$2,507 (2024 - \$Nil) in acquisition costs related to the Lightning Property.

#### *Star Property - License MOM\EL\00057\2021*

On July 8, 2021, the Company received an exploration license from the MoMP of the Federal Democratic Republic of Ethiopia for exploration license number MOM\EL\00057\2021 located in Tigray, Ethiopia. The exploration license was valid for a period of 3 years with an option to renew on or before 60 days prior to expiry of the term. The license has been renewed until July 8, 2027. During the year ended May 31, 2025, the Company incurred \$2,556 (2024 - \$Nil) in acquisition costs related to the Star Property.

#### *Wing Property - License MOM\EL\00206\2020*

On September 28, 2020, the Company previously entered into a definitive property purchase agreement (the "Agreement") with Tigray Holdings Corp. ("Tigray") and Tigray's wholly owned subsidiary in Ethiopia, for the acquisition (the "Acquisition") of a 95% interest in certain property licenses granted by the Ethiopian government. Upon delisting from the TSX-V (Note 1), the Company and Tigray mutually agreed upon the revised timing of the initial consideration until the Company's common shares are listed on another stock exchange, with all other terms of the agreement remaining intact. Consideration for the licenses included:

- (a) cash payment of \$317,083 (\$250,000 USD) (paid) on January 25, 2022;
- (b) the issuance of 28,500,000 common shares of the Company; and
- (c) the grant of a 2% NSR, subject to the Company's option and right to buy back 50% of the 2% net smelter return royalty at any time for the sum of \$1,000,000 USD.

During the year ended May 31, 2022, the Company incurred a total of \$319,797 in acquisition costs related to the Wing Property, which remain as recorded in prepaids at May 31, 2025 and 2024. Upon the satisfaction of certain conditions precedent to completion, these such costs will be reallocated to exploration and evaluation assets. To May 31, 2025, and subsequently, the conditions precedent to completion have not been satisfied.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

Exploration and evaluation assets at May 31, 2025 comprise:

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	Lightning		Star		Total
<b>Acquisition costs</b>					
<b>May 31, 2023 and 2024</b>	\$ 2,571		\$ -		\$ 2,571
Additions	2,507		2,556		5,063
<b>May 31, 2025</b>	\$ 5,078		\$ 2,556		\$ 7,634
<b>Exploration costs</b>					
<b>May 31, 2023</b>	\$ 589,065		\$ 25,733		\$ 614,798
Additions					
Community	-		6,761		6,761
Consulting	36,047		36,459		72,506
Geological	-		6,760		6,760
Travel	68,123		84,759		152,882
<b>May 31, 2024</b>	693,235		160,472		853,707
Additions					
Consulting	42,042		42,042		84,084
Travel	30,251		30,250		60,501
<b>May 31, 2025</b>	\$ 765,528		\$ 232,764		\$ 998,292
<b>Total, May 31, 2024</b>	\$ 695,806		\$ 160,472		\$ 856,278
<b>Total, May 31, 2025</b>	\$ 770,606		\$ 235,320		\$ 1,005,926

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**5. SHARE CAPITAL****Authorized:**

The authorized share capital of the Company is comprised of unlimited common shares without par value.

**Issued:**

For the year ended May 31, 2025:

The Company issued 580,000 common shares towards a private placement financing arrangement at a price of \$0.15 per share for total proceeds of \$87,000. The Company paid \$3,620 in share issuance costs in connection with the financing.

The Company also received proceeds of \$450,000 towards a private placement at \$0.15 per share. The shares have not been issued to date.

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(Expressed in Canadian dollars)

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**5. SHARE CAPITAL** (continued)

For the year ended May 31, 2024:

The Company issued 4,645,000 common shares towards a private placement financing arrangement at a price of \$0.15 per share for total proceeds of \$696,750 of which \$442,500 was reallocated from subscriptions received to share capital. The Company paid \$3,506 in share issuance costs in connection with the financing.

**Warrants:**

As at May 31, 2025, there are no warrants outstanding for the purchase of common shares.

A summary of changes in warrants for the years ended May 31, 2025 and 2024 is presented below:

	<b>Year ended</b>		<b>Year ended</b>	
	<b><u>May 31, 2025</u></b>		<b><u>May 31, 2024</u></b>	
	Number	Exercise price	Number	Exercise price
Balance, beginning	-	\$ -	882,548	\$ 0.75
Expired	-	-	(882,548)	0.75
Balance, ending	-	\$ -	-	\$ -

**6. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE****Stock options:**

The Company has a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option may not be less than the fair market price of the Company's shares as traded on a stock exchange at the time of grant. Options have a maximum term of five years and vesting of options is made at the discretion of the Board at the time the options are granted.

As at May 31, 2025 and 2024, there were no stock options outstanding.

**Share-based payment reserve:**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the stock options or warrants expire unexercised, the attributable value is transferred to deficit.

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## PARALLEL MINING CORP.

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### 7. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel. Except as disclosed elsewhere in these consolidated financial statements, related party transactions and balances are detailed below.

- a) At May 31, 2025, included in accounts payable and accrued liabilities are amounts owing to directors and officers or companies owned by directors and officers of \$328,594 (2024 - \$236,171). Of the amount owing, \$183,694 is owing to the CEO and his company, \$81,900 is owing to a company controlled by the CFO and \$63,000 is owing to the Company's Corporate Secretary and his company. Amounts owing are unsecured, non-interest bearing and due upon demand.
- b) During the year ended May 31, 2025, the Company incurred management fees of \$84,000 (2024 - \$84,000) of which \$48,000 (2024 - \$48,000) were to a company controlled by the CEO and \$36,000 (2024 - \$36,000) to a company controlled by the CFO; rent of \$12,000 (2024 - \$12,000) and accrued interest of \$97,560 (2024 - \$94,774) (Note 10) to the CEO, secretarial services recorded in professional fees of \$15,000 (2024 - \$15,000) and property investigation costs of \$15,000 (2024 - \$15,000) to a company controlled by the Corporate Secretary and rent of \$11,500 (2024 - \$nil) to a company related by a common director.

All related party transactions are in the normal course of operations and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

### 8. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established a quantitative return on capital criteria for capital management.

The Company is dependent upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

The Board reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the Shareholders' Deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders.

There were no changes in the Company's approach to capital management during the year ended May 31, 2025. The Company is not subject to externally imposed capital requirements.

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## PARALLEL MINING CORP.

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### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Fair Value

The Company has various financial instruments comprised of cash, accounts payable and loans payable.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company holds cash which is measured at fair value using Level 1 inputs.

Due to the relatively short-term nature of accounts payable and accrued liabilities and loans payable, the fair value of these instruments approximate their carrying values.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

#### (a) Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. The cash is primarily held with reputable banks in Canada and Ethiopia, which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal. Receivables comprise entirely of GST recoverable.

#### (b) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, and its ability to raise debt and/or equity financings. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to pursue future mineral property interest acquisitions. Accounts payable and accrued liabilities are due in accordance with normal terms of trade and are payable within the current operating period.

#### (c) Market Risk

##### i) Interest Rate Risk

The Company has cash balances and fixed rate interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

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### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### (c) Market Risk (continued)

##### ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). The Company manages its operations and expenditures in Ethiopia to minimize exposure to foreign currency risk.

However, the Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars and Ethiopian Birr. The Company has not entered into any foreign currency contracts or hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes. The Company is exposed to significant foreign currency risk as the loans payable are denominated in United States dollars.

##### iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### 10. LOANS PAYABLE

- a) On January 20, 2021, the Company entered into a loan agreement with a third party for a principal balance of \$50,554 (\$40,000 USD). The loan was unsecured, bore interest at a rate of 10% per annum and was due on or before September 6, 2024. During the year ended May 31, 2024, the Company repaid the principal balance in full. To May 31, 2025, the Company had recorded a \$2,692 (May 31, 2024 - \$2,566) foreign exchange loss on the balance and accrued a total of \$15,036 (May 31, 2024 - \$15,036) in interest.
- b) On July 1, 2021, the Company entered into a loan agreement with Tigray Holdings Corp. whereby the Company borrowed a principal sum of \$247,060 (\$200,000 USD). The loan is unsecured, bears interest at a rate of 10% per annum and is due on or before September 6, 2026. During the year ended May 31, 2025, the Company repaid \$205,530 (\$143,856 USD) of the principal balance. As at May 31, 2025, the Company has recorded a \$11,015 (May 31, 2024 - \$28,276) foreign exchange loss on the balance and accrued a total of \$96,831 (May 31, 2024 - \$76,878) in interest.
- c) On July 15, 2021, the Company entered into a loan agreement with a director of the Company (the "Lender") whereby the Company borrowed a principal sum of \$881,230 (\$700,000 USD). The loan is unsecured, bears interest at a rate of 10% per annum and is due on or before September 6, 2026. As at May 31, 2025, the Company has recorded a \$91,595 (May 31, 2024 - \$82,110) foreign exchange loss on the balance and accrued a total of \$362,002 (May 31, 2024 - \$264,442) in interest.

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**PARALLEL MINING CORP.**

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(Expressed in Canadian dollars)

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**11. SEGMENT DISCLOSURES**

Operating segments:

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographical segments:

	<b>May 31, 2025</b>	<b>May 31, 2024</b>
Total assets		
Canada	\$ 29,153	\$ 28,235
Africa	1,325,723	1,179,313
	<b>\$ 1,354,876</b>	<b>\$ 1,207,548</b>

**12. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>May 31, 2025</b>	<b>May 31, 2024</b>
Loss for the year before income taxes	\$ (477,978)	\$ (435,963)
Expected income recovery	(129,000)	(118,000)
Change in statutory, foreign tax, foreign exchange rates and other	(279,000)	219,000
Change in unrecognized deductible temporary differences	408,000	(101,000)
Total income tax expense	\$ -	\$ -

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

	<b>Expiry date range</b>	<b>May 31, 2025</b>	<b>May 31, 2024</b>
Temporary differences:		\$	\$
Share issue costs	2026 to 2029	7,000	14,000
Property and equipment	No expiry date	75,000	75,000
Exploration and evaluation assets	No expiry date	2,813,000	2,813,000
Allowable capital losses	No expiry date	1,562,000	528,000
Non-capital losses available for future periods	2028 to 2045	8,622,000	8,139,000

**13. SUBSEQUENT EVENT**

Subsequent to May 31, 2025, the Company amended the term of certain loans payable (Note 10).