



CENTENARIO GOLD CORP.
(formerly AADirection Capital Corp.)

Consolidated Financial Statements
(Expressed in Canadian dollars)

For the Years Ended December 31, 2024 and December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Centenario Gold Corp. (formerly AADirection Capital Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Centenario Gold Corp. (formerly AADirection Capital Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of the material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023 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 Company has not generated any revenue and has incurred losses since inception. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain additional capital. 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.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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 Company 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 James Roxburgh.

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

Chartered Professional Accountants

Vancouver, BC, Canada
June 30, 2025

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at	
	December 31, 2024	December 31, 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 3,653	\$ 407,565
Prepaid expenses (Note 5)	5,392	554,149
Amounts receivable	1,737	9,602
Total Current Assets	10,782	971,316
Non-Current Assets		
Equipment (Note 6)	-	3,109
Exploration and evaluation assets (Note 8)	-	234,663
Total Non-Current Assets	-	237,772
TOTAL ASSETS	\$ 10,782	\$ 1,209,088
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 119,896	\$ 30,172
TOTAL LIABILITIES	119,896	30,172
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 9)	4,585,862	4,543,810
Share-based payments reserve (Note 9)	358,390	351,724
Deficit	(5,053,366)	(3,716,618)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	(109,114)	1,178,916
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,782	\$ 1,209,088

Nature and continuance of operations (Note 1)
Subsequent events (Notes 8 and 9)

On behalf of the Board:

"Douglas Fulcher"

Douglas Fulcher, director

"Alain Charest"

Alain Charest, director

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

CENTENARIO GOLD CORP.

(formerly AADIRECTION CAPITAL CORP.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Share-Based Payments Reserve	Deficit	Total Equity (Deficiency)
Balance, December 31, 2022	19,287,492	\$ 1,347,999	\$ 189,500	\$ -	\$ (1,588,851)	\$ (51,352)
Reverse takeover ("RTO")	6,000,000	900,000	-	-	-	900,000
Private placement financings, net of share issuance costs	15,554,998	2,164,478	(189,500)	51,024	-	2,026,002
Share purchase warrants exercised	656,666	131,333	-	-	-	131,333
Stock-based compensation expense	-	-	-	300,700	-	300,700
Loss and comprehensive loss for the year	-	-	-	-	(2,127,767)	(2,127,767)
Balance, December 31, 2023	41,499,156	\$ 4,543,810	\$ -	\$ 351,724	\$ (3,716,618)	\$ 1,178,916

	Number of Shares	Share Capital	Share Subscriptions Received	Share-Based Payments Reserve	Deficit	Total Equity (Deficiency)
Balance, December 31, 2023	41,499,156	\$ 4,543,810	\$ -	\$ 351,724	\$ (3,716,618)	\$ 1,178,916
Private placement financing	333,333	42,052	-	6,666	-	48,718
Loss and comprehensive loss for the year	-	-	-	-	(1,336,748)	(1,336,748)
Balance, December 31, 2024	41,832,489	\$ 4,585,862	\$ -	\$ 358,390	\$ (5,053,366)	\$ (109,114)

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

CENTENARIO GOLD CORP.

(formerly AADIRECTION CAPITAL CORP.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	For the Year Ended December 31,	
	2024	2023
Operating expenses		
Exploration and evaluation (Note 10)	\$ 440,544	\$ 708,367
Depreciation (Note 6)	992	9,368
Investor relations and marketing	388,798	87,558
Management fees and consulting fees (Note 10)	108,912	203,048
Office and administration (Note 10)	44,926	54,520
Professional fees	20,261	66,136
Project generation	-	13,596
Stock-based compensation expense (Note 9)	-	300,700
Transfer agent and filing fees	16,524	27,103
Travel and business development	4,448	10,055
Foreign exchange loss	16,354	4,626
Loss from operations	(1,041,759)	(1,485,077)
Other items		
Gain on sale of equipment	1,124	-
Impairment of exploration and evaluation assets (Note 8)	(297,753)	-
Interest income	1,640	-
RTO transaction costs (Note 4)	-	(642,690)
	(294,989)	(642,690)
Loss and Comprehensive Loss for the Year	\$ (1,336,748)	\$ (2,127,767)
Basic And Diluted Loss Per Share Outstanding	\$ (0.03)	\$ (0.08)
Weighted Average Number Of Shares Outstanding	41,823,357	26,186,797

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

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Year Ended December 31,	
	2024	2023
Cash and cash equivalents provided by (used in):		
Operating Activities		
Net loss for the year	\$ (1,336,748)	\$ (2,127,767)
Items not affecting cash:		
Depreciation	992	9,368
Stock-based compensation expense	-	300,700
Gain on sale of equipment	(1,124)	-
Impairment of exploration and evaluation assets	297,753	-
RTO transaction costs	-	642,690
Changes in non-cash operating working capital items:		
(Increase) decrease in prepaid expenses	548,757	(550,315)
(Increase) decrease in accounts receivable	7,865	(2,364)
Increase in value added tax receivable	-	70,702
Increase (decrease) in accounts payable and accrued liabilities	89,724	(349,141)
Cash used in operating activities	(392,781)	(2,006,127)
Investing Activities		
Cash acquired upon RTO	-	252,936
Exploration and evaluation assets	(62,094)	(102,764)
Purchase of equipment	-	(996)
Proceeds on disposition of equipment	2,245	-
Cash (used in) provided by investing activities	(59,849)	149,176
Financing Activities		
Share capital issued, net of issuance costs	48,718	2,157,335
Principal portion of office lease	-	(7,852)
Cash provided by financing activities	48,718	2,149,483
Increase (decrease) in cash and cash equivalents during the year	(403,912)	292,532
Cash and cash equivalents - beginning of the year	407,565	115,033
Cash and cash equivalents - end of the year	\$ 3,653	\$ 407,565
Supplementary cash flow information		
Equipment reclassified to exploration and evaluation assets	\$ 996	\$ -

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

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

Centenario Gold Corp. (formerly AADirection Capital Corp.) (the "Company" or "CTG") was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and was a capital pool company as defined by TSX Venture Exchange ("TSXV") Policy 2.4 (the "Policy"). The Company completed its initial public offering ("IPO") on August 17, 2021 and its shares commenced trading on the TSXV under the symbol AAD.P.

On October 26, 2023, the Company completed its qualifying transaction (the "Transaction") under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from AADirection Capital Corp. to Centenario Gold Corp. Prior to the Transaction, the Company was a Capital Pool Company (CPC) as defined pursuant to Policy 2.4 of the TSXV that performed no significant business activities other than the identification and evaluation of assets or businesses with the view of completing a qualifying transaction.

Following completion of the Transaction, the Company now operates as a Tier 2 exploration issuer listed on the TSXV under the trading symbol CTG. Its principal business is to acquire, explore, and develop interests in mineral projects in Mexico.

The Company's head office, principal address and registered and records office is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

Going concern of operations

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") 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 financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2024, the Company has not generated any revenues and has accumulated losses of \$5,053,366 (December 31, 2023 - \$3,716,618) since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital. 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, energy crises and global tariff war, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements of the Company for the years ended December 31, 2024 and December 31, 2023 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved and authorized to be issued by the Board of Directors on June 30, 2025.

(b) Financial Statement Presentation

These financial statements include the accounts of the Company, its 100% owned Canadian subsidiary, 1403285 B.C. Ltd. and its 99% owned Mexican subsidiary, Durango Gold Corp S.A. de C.V. whose principal business was the exploration of the Eden project in Mexico. All significant inter-company transactions and balances have been eliminated on consolidation. All amounts are stated in Canadian dollars unless otherwise indicated.

(c) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant areas requiring the use of management judgements and estimates include:

- impairment of exploration and evaluation assets;
- provision of reclamation and environmental obligations, if any;
- the determination of the value of the common shares issued pursuant to the RTO; and
- inputs used in accounting for stock-based compensation expense in profit or loss.

The management of the Company has considered the Company’s current activities, funding position and projected funding requirements for the period of at least twelve months from the date of these financial statements in determining the ability of the Company to adopt the going concern basis in preparing the financial statements for the year ended December 31, 2024. The assessment of the Company’s ability to execute its strategy to meet its future funding requirements involves judgment.

3. MATERIAL ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash includes deposits held at call with financial institutions.

(b) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognized as follows:

- Motor vehicles – over 4 years.
- Computer equipment – over 2 years.

(c) Exploration and evaluation assets (“E&E”)

Costs relating to the acquisition and claim maintenance of exploration and evaluation assets (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalized exploration and evaluation costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset’s recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into CGUs. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(d) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as share-based payments reserve.

When unit warrants are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(f) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the exchange rates prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss, except for differences on the retranslation of fair value through other comprehensive income instruments which are recognized in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's subsidiaries are translated into the Canadian dollar using exchange rates prevailing at the end of the period. Income and expense items are translated at the average rate for the period. Exchange differences are recognized in the statement of comprehensive loss.

(g) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

When stock options are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares (“broker warrants”) using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

When broker warrants are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

(i) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(j) Financial instruments

The following is the Company's accounting policy for financial instruments:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or 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 as 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 classifies its financial instruments as follows:

Financials Assets	Classification
Cash and cash equivalents	Amortized cost
Amounts receivables (excluding sales tax receivable)	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	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 loss. 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 the statement of loss in the period in which they arise.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

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. Gains and losses on derecognition are generally recognized in the statements of loss.

(k) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(l) 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. Parties are also considered to be related if they are subject to common control, 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.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(m) New accounting standards and interpretations issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

- I. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
- II. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
- III. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently in the process of assessing its impact on future financial statements.

(n) Accounting standards adopted in the current year

IAS 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments were effective for the years beginning on or after January 1, 2024. The adoption of this amendment did not have a material impact on the Company's financial statements.

4. REVERSE TAKEOVER

The Transaction (see Note 1) was completed pursuant to a plan of arrangement (the "Arrangement") dated October 26, 2023 between AADirection Capital Corp. (the "CPC") and Centenario Gold Corp. (the "Legal Acquiree" or "CGC") whereby the former issued 35,499,156 of its common shares for 100% of the issued and outstanding common shares of the latter on a one-for-one basis. The Transaction resulted in a reverse takeover ("RTO") of the CPC by the Legal Acquiree as, immediately after the completion of the Transaction, the shareholders of the Legal Acquiree owned 86% of the Company.

Pursuant to the Arrangement, the Legal Acquiree and a wholly-owned subsidiary of the CPC amalgamated to form a new company under the corporate name 1403285 B.C. Ltd. which will carry on the business previously carried on by the Legal Acquiree.

Pursuant to the term of the Arrangement, prior to the completion of the Transaction, in October 2023, the Legal Acquiree completed a private placement financing of 11,703,672 subscription receipts (the "Subscription Receipts") at \$0.15 per subscription receipt. Immediately prior to the closing of the Transaction, each Subscription Receipt automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit (each, a "Unit") of the Legal Acquiree just prior to the amalgamation.

Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Legal Acquiree and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at \$0.30 per Warrant share for a period of two (2) years from issuance which securities were immediately exchanged 1:1 for securities of the CPC. Immediately prior to the RTO, the capital structure of the legal acquiree comprised the following: (i) 35,499,156 issued and outstanding common shares; (ii) warrants exercisable for 1,268,992 common shares at \$0.20 per share; (iii) warrants exercisable for 5,851,834 common shares at \$0.30 per share; and (iv) finders' warrants exercisable for 784,986 common shares at \$0.15 per share.

Upon completion of the Transaction, the shareholders of the Legal Acquiree owned approximately 86% of the issued and outstanding common shares of the Company. For accounting purposes, the Transaction is considered as a "reverse takeover". A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination. These financial statements are presented as a continuation of the Legal Acquiree but are issued in the name of the Company as a legal parent. The Transaction has been measured at the fair value of the shares and warrants that are deemed to have been issued to the Company's historical shareholders. Accordingly, the transaction has been recorded in these financial statements using a basis of accounting as summarized below:

- a) The historical equity of the CPC has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in comprehensive loss for the period;
- b) The retained earnings (deficit) and other equity balances presented in these financial statements are those of the Legal Acquiree;

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

4. REVERSE TAKEOVER (cont'd)

- c) The assets and liabilities of the Legal Acquiree are included in these Financial Statements on pre-transaction basis of accounting;
- d) The net assets of the CPC were measured at their estimated fair value on the date of the Transaction; and
- e) Comparative information presented in these financial statements is that the Legal Acquiree.

Pursuant to the terms of the QT, the CPC advanced \$150,000 to the Legal Acquiree to pay the annual Eden property option payment (See Note 8) and towards other expenses in connection with the closing of the Transaction.

The total purchase price has been allocated as follows:

Consideration given up:

6,000,000 common shares - \$0.15/share	\$	900,000
		<u>900,000</u>

Net Assets Acquired:

Cash	252,936
GST receivable	4,374
	<u>257,310</u>

Listing expense	\$	<u>642,690</u>
-----------------	----	----------------

5. PREPAID EXPENSES

As at December 31, 2024, prepaid expenses are comprised of \$Nil (December 31, 2023 - \$168,400) paid to the drill contractor for drilling completed on the Eden property in January 2024, \$Nil (December 31, 2023 - \$200,000) for a social media and marketing campaign, \$Nil (December 31, 2023 - \$184,816) paid for advertising and promotion, \$1,888 (December 31, 2024 - \$Nil) paid for future news releases and \$3,504 (December 31, 2023 - \$933) in exploration advances.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

6. EQUIPMENT

	Computer equipment	Motor Vehicles	Total
COST			
Balance, December 31, 2022	\$ -	\$ 10,367	\$ 10,367
Additions	996	-	996
Balance, December 31, 2023	996	10,367	11,363
Disposals	(996)	(1,121)	(2,117)
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 9,246</u>	<u>\$ 9,246</u>
AMORTIZATION			
Balance, December 31, 2022	\$ -	\$ 5,972	\$ 5,972
Amortization	-	2,282	2,282
Balance, December 31, 2023	\$ -	\$ 8,254	\$ 8,254
Amortization	-	992	992
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 9,246</u>	<u>\$ 9,246</u>
CARRYING AMOUNTS			
As at December 31, 2023	<u>\$ 996</u>	<u>\$ 2,113</u>	<u>\$ 3,109</u>
As at December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

7. VALUE ADDED TAX RECEIVABLE

Value-added tax ("VAT") receivable represents amounts paid by the Company in Mexico that are refundable from the Mexican government. For the year ended December 31, 2024, the Company paid \$17,193 in VAT (2023 - \$34,583) related to exploration and evaluation expenditures on the Eden Property.

The recoverability of the carrying amount of VAT was subject to the Company qualifying to offset these VAT credits against VAT charged and collected at the time when the Eden Property was to go into production. As the Company has discontinued exploration activities at the Eden Property, the Company has elected to expense the VAT amounts paid in respect of exploration and evaluation expenditures during the year ended December 31, 2024. Any amounts received in the future will be recorded as recovery against exploration and evaluation expenses on the statement of comprehensive loss.

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, titles to all of its properties are in good standing.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

A summary of the changes in cumulative exploration and evaluation asset costs for the years ended December 31, 2024 and December 31, 2023 is as follows:

	Eden Property
Balance, December 31, 2022	\$ 131,899
Additions	102,764
Balance, at December 31, 2023	234,663
Additions	63,090
Impairment	(297,753)
Balance, at December 31, 2024	\$ -

Exploration expenditures for the years ended December 31, 2024 and 2023 were as follows:

	For the Year Ended December 31,	
	2024	2023
	Eden	Eden
Geological costs	\$ -	\$ 283,370
Drilling	367,498	251,190
Mineral property tenure	30,676	38,164
General and administrative	25,177	30,358
VAT incurred	17,193	105,285
Total	\$ 440,544	\$ 708,367

Eden Property, Sinaloa, Mexico

On March 24, 2021, the Company entered into an option agreement (the "Eden Agreement") with arm's-length third parties (the "Optionors"), where by it obtained an exclusive option to acquire a 100% interest in the Eden Property, located in Sinaloa, Mexico. The Eden Property comprised two contiguous titled mineral concessions, El Eden and El Eden 1, covering approximately 2,489 hectares, and was subject to a 1.0% net smelter return ("NSR") royalty.

To maintain and exercise the option, the Company was required to make aggregate cash payments of US\$710,000 and incur a minimum of US\$3,000,000 in exploration expenditures.

Subsequent to December 31, 2024, the Company determined not to continue exploration activities on the Eden Property. As a result, the carrying value of the related exploration and evaluation assets was impaired and the Company recorded an impairment of \$297,753 on the statement of comprehensive loss.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

9. SHARE CAPITAL

a) Authorized share capital

As at December 31, 2024, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

During the year ended December 31, 2024

- i. On January 11, 2024, the Company issued 333,333 units at a price of \$0.15 per unit for gross proceeds of \$50,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per warrant share for a period of two years from the date of issuance. The Company incurred share issue costs of \$1,282 in connection with the private placement.

During the year ended December 31, 2023:

- ii. In February 2023, the Company issued 3,851,326 units at a price of \$0.15 per unit for gross proceeds of \$577,699. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.20 per warrant share until January 30, 2025. Of the total proceeds raised, \$189,500 was recorded in share subscriptions received as at December 31, 2022.
- iii. In September 2023, the Company issued, by way of share purchase warrants exercised, an aggregate of 656,666 common shares for gross proceeds of \$131,333.
- iv. In October 2023, the Company issued 11,703,672 units pursuant to the conversion of the Subscription Receipts (see Note 4). Upon conversion of the Subscription Receipts, the Company paid to certain finders (the "Finders") cash commissions of \$117,748, being 8% of the aggregate gross proceeds raised by such Finders, and issued 784,986 Finder's Warrants (the "Finder's Warrants"), being 8% of the aggregate number of Subscription Receipts issued under the offering to subscribers introduced by the Finders. Each Finder's Warrant is exercisable at \$0.15 per warrant share until October 26, 2025.
- v. Pursuant to the terms of the Transaction and upon closing of the RTO, the Legal Acquiree was deemed to have issued 6,000,000 common shares at \$0.15 per share to acquire the net identifiable assets of the CPC.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

9. SHARE CAPITAL (cont'd)c) Escrow shares

At December 31, 2024, 7,041,499 common shares (December 31, 2023 – 10,562,249) and 53,499 warrants with an exercise price of \$0.20 (December 31, 2023 – 80,249) are being held in escrow with Odyssey Trust Company pursuant to a Tier 2 value security escrow agreement. These shares and warrants will be released from escrow every six months in four equal instalments commencing on April 27, 2025. An additional 500,000 Common Shares remain subject to a capital pool company escrow agreement. These shares were released from escrow on April 27, 2025.

d) Stock options

A summary of the status of stock options as of December 31, 2024 and December 31, 2023 and changes during the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2022	600,000	\$ 0.10
Granted	3,100,000	0.15
Outstanding at December 31, 2023 and December 31, 2024	3,700,000	\$ 0.14

The weighted-average remaining life of the stock options as at December 31, 2024 was 3.48 years (2023 – 4.48 years).

During the year ended December 31, 2024, no incentive stock options were granted and therefore no stock-based compensation expense was recorded.

During the year ended December 31, 2023, the Company recorded stock-based compensation expense of \$300,700 related to the issuance of stock options. The following weighted average assumptions were used for the Black-Scholes pricing model valuation of the incentive stock options granted during the year ended December 31, 2023:

	For the Year Ended December 31, 2023
Risk-free interest rate	4.67%
Expected life of options (years)	5.00
Annualized volatility	75.73%
Dividend rate	0.00%

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

9. SHARE CAPITAL (cont'd)d) Stock options (cont'd)

Stock options outstanding at December 31, 2024 are as follows:

Number of Options	Exercise Price	Expiry Date
600,000	\$0.10	August 16, 2026
3,100,000	\$0.15	October 30, 2028
3,700,000		

e) Warrants

A summary of the status of warrants as of December 31, 2024 and 2023 and changes during the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2022	586,250	\$ 0.15
Issued	7,777,492	0.28
Expired	(586,250)	0.15
Exercised	(656,666)	0.20
Outstanding at December 31, 2023	7,120,826	\$ 0.28
Issued	166,666	0.30
Outstanding at December 31, 2024	7,287,492	\$ 0.28

The weighted-average remaining life of the warrants as at December 31, 2024 was 0.70 years (2023 – 1.69 years).

Share purchase warrants outstanding at December 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,268,992	\$0.20	January 30, 2025
5,851,834	\$0.30	October 26, 2025
166,666	\$0.30	January 11, 2026
7,287,492		

* Subsequent to December 31, 2024, 1,268,992 warrants set to expire on January 30, 2025 expired unexercised.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

9. SHARE CAPITAL (cont'd)f) Agent's and finder's warrants

A summary of the status of agent's and finder's warrants as of December 31, 2024 and 2023 and changes during the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2022	400,000	\$ 0.10
Granted	784,986	0.15
Outstanding as at December 31, 2024 and 2023	1,184,986	0.13

The weighted-average remaining life of the agent's and finder's warrants as at December 31, 2024 was 1.09 years (2023 – 2.09 years).

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of the finder's warrants granted during the year ended December 31, 2023:

	For the Year Ended December 31, 2023
Risk-free interest rate	4.64%
Expected life of warrants (years)	2.00
Annualized volatility	75.79%
Dividend rate	0.00%

Agent's and finder's warrants outstanding at December 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry Date
400,000	\$0.10	August 16, 2026
784,986	\$0.15	October 26, 2025
1,184,986		

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

10. RELATED PARTY TRANSACTIONS

The Company considers its key management personnel to be its officers, directors and companies controlled by officers and directors of the Company. Key management personnel compensation consisted of the following:

	For the Year Ended December 31,	
	2024	2023
Management fees paid to a company controlled by the President of the Company	\$ 52,000	\$ 60,000
Management fees paid to a company controlled by the CFO of the Company	25,000	45,000
Exploration costs paid to the CEO of the Company	60,000	90,000
Office rent and expenses**	38,189	54,893
Management stock-based compensation	-	174,629
	<u>\$ 175,189</u>	<u>\$ 424,522</u>

** Office rent and expenses consists of expenses paid or accrued to a company controlled by a director of the Company in the aggregate of \$38,189 during the year ended December 31, 2024 (2023 - \$54,893). Of this total, \$33,353 (2023 - \$49,920) was office rent and the remainder of \$4,836 (2023 - \$4,973) was parking fees.

These transactions were measured at the exchange amount, being the amount that was agreed upon by the transacting parties.

The amounts due to related parties and included in accounts payable and accrued liabilities as at December 31, 2024 were \$98,955 (December 31, 2023 - \$21,890). These amounts are unsecured, non-interest bearing, and due on demand.

11. FINANCIAL INSTRUMENTS**Fair value**

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. These financial instruments are carried at amortized cost. The Company does not have any financial instruments carried at fair value.

11. FINANCIAL INSTRUMENTS (cont'd)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company is not exposed to any credit risk at this time.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2024, the Company's working capital deficit is \$109,114 (December 31, 2023 – working capital of \$941,144). The Company will have to seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had \$3,653 in cash (December 31, 2023 - \$407,565) and \$119,896 in accounts payable and accrued liabilities (December 31, 2023 - \$30,172).

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in Mexican Pesos. As at December 31, 2024, the Company had \$3,012 in cash (December 31, 2023 - \$50,357) that is denominated in Mexican Pesos.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, such that it can explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments to it based upon changes in economic conditions and the risk characteristics of its assets. The Company may issue new shares through private placements and public offerings in order to maintain or adjust its capital structure. The Company is not subject to any externally-imposed capital requirements.

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

13. COMMITMENTS

- i. On April 1, 2021, the Company entered into a consulting agreement (the “CEO Agreement”) with its CEO, under which the CEO was compensated at a rate of \$7,500 per month. The agreement was for an indefinite term and could be terminated by the Company with three months’ notice. Effective March 1, 2024, the monthly fee was temporarily reduced to \$4,500 as a cost-saving measure. The individual served as CEO until February 14, 2025 and currently continues with the Company in the role of VP, Exploration.
- ii. On April 1, 2021, the Company entered into a consulting agreement (the “Executive Agreement”) with Digga Holdings Ltd. (“Digga”), a private company controlled by the President of the Company. Under the agreement, Digga was compensated at a rate of \$5,000 per month. The agreement was for an indefinite term and could be terminated by the Company with three months’ notice. Effective March 1, 2024, the monthly fee was temporarily reduced to \$4,500 as a cost-saving measure.
- iii. On April 1, 2021, the Company entered into a consulting agreement (the “CFO Agreement”) with Copsewood Capital Corp. (“Copsewood”), a private company controlled by the former CFO of the Company. Under the agreement, Copsewood was compensated \$2,500 per month for the provision of CFO and administration services. The agreement was for an indefinite term and could be terminated by the Company with three months’ notice. Effective March 1, 2024, the monthly fee was temporarily reduced to \$2,000 as a cost-saving measure. Effective March 14, 2025, the agreement was terminated following the CFO’s resignation.

14. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties in Mexico. Geographic information is as follows:

	For the Year Ended December 31,	
	2024	2023
Non-current assets:		
Canada	\$ -	\$ -
Mexico	-	237,772
	\$ -	\$ 237,772
Comprehensive loss:		
Canada	\$ (810,628)	\$ (1,658,165)
Mexico	(526,120)	(469,602)
	\$ (1,336,748)	\$ (2,127,767)

CENTENARIO GOLD CORP. (formerly AADirection Capital Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2024 and December 31, 2023

15. INCOME TAXES

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

	2024	2023
Net loss before income taxes	\$ (1,336,748)	\$ (2,127,767)
Statutory tax rate	28.18%	28.44%
Expected income tax recovery	(377,000)	(605,000)
Effect of current items	131,000	233,000
Tax asset not recognized	246,000	372,000
Income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	2024	2023
Deferred tax assets:		
Non-capital loss carryforwards	\$ 995,000	\$ 743,000
Share issue costs	19,000	26,000
Equipment	2,000	1,000
	1,016,000	770,000
Valuation allowance	(1,016,000)	(770,000)
Net deferred income tax assets	\$ -	\$ -

The Company's Canadian non-capital losses will expire as follows:

2040	\$ 23,000
2041	243,000
2042	386,000
2043	567,000
2024	834,000
	<u>\$ 2,053,000</u>

The Company also has Mexican non-capital losses of approximately \$1,468,000 that may be applied against future taxable income in Mexico.

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
(the “Company”)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

This management’s discussion and analysis (“MD&A”) focuses on significant factors that affected Centenario Gold Corp. (formerly AADirection Capital Corp.) and its subsidiaries (collectively, “Centenario” or the “Company”) during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2024. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2024. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

The information contained within this MD&A is current to June 30, 2025.

Company Overview

Centenario Gold Corp. (formerly AADirection Capital Corp.) (the “Company” or “CTG”) was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and was a capital pool company as defined by TSX Venture Exchange (“TSXV”) Policy 2.4 (the “Policy”). The Company completed its initial public offering (“IPO”) on August 17, 2021 and its shares commenced trading on the TSXV under the symbol AAD.P.

On October 26, 2023, the Company completed its qualifying transaction (the “Transaction”) under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from AADirection Capital Corp. to Centenario Gold Corp. Following completion of the Transaction, the Company now operates as a Tier 2 exploration issuer listed on the TSXV under the trading symbol CTG. Its principal business is to acquire, explore, and develop interests in mineral projects in Mexico.

The Company’s head office address and registered office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

Reverse Takeover

The Transaction was completed pursuant to a plan of arrangement (the “Arrangement”) dated October 26, 2023 between AADirection Capital Corp. (the “CPC”) and Centenario Gold Corp. (the “Legal Acquiree” or “CGC”) whereby the former issued 35,499,156 of its common shares for 100% of the issued and outstanding common shares of the latter on a one-for-one basis. The Transaction resulted in a reverse takeover (“RTO”) of the CPC by the Legal Acquiree as, immediately after the completion of the Transaction, the shareholders of the Legal Acquiree owned 86% of the Company.

Pursuant to the Arrangement, the Legal Acquiree and a wholly-owned subsidiary of the CPC amalgamated to form a new company under the corporate name 1403285 B.C. Ltd. which will carry on the business previously carried on by the Legal Acquiree.

Pursuant to the term of the Arrangement, prior to the completion of the Transaction, in October 2023, the Legal Acquiree completed a private placement financing of 11,703,672 subscription receipts (the "Subscription Receipts") at \$0.15 per subscription receipt. Immediately prior to the closing of the Transaction, each Subscription Receipt automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit (each, a "Unit") of the Legal Acquiree just prior to the amalgamation. Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Legal Acquiree and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at \$0.30 per Warrant share for a period of two (2) years from issuance which securities were immediately exchanged 1:1 for securities of the CPC. Immediately prior to the RTO, the capital structure of the legal acquiree comprised the following: (i) 35,499,156 issued and outstanding common shares; (ii) warrants exercisable for 1,268,992 common shares at \$0.20 per share; (iii) warrants exercisable for 5,851,834 common shares at \$0.30 per share; and (iv) finders' warrants exercisable for 784,986 common shares at \$0.15 per share.

Upon completion of the Transaction, the shareholders of the Legal Acquiree owned approximately 86% of the issued and outstanding common shares of the Company. For accounting purposes, the Transaction is considered as a "reverse takeover". A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination. These financial statements are presented as a continuation of the Legal Acquiree but are issued in the name of the Company as a legal parent. The Transaction has been measured at the fair value of the shares and warrants that are deemed to have been issued to the Company's historical shareholders. Accordingly, the transaction has been recorded in these financial statements using a basis of accounting as summarized below:

- a) The historical equity of the CPC has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in comprehensive loss for the period;
- b) The retained earnings (deficit) and other equity balances presented in these financial statements are those of the Legal Acquiree;
- c) The assets and liabilities of the Legal Acquiree are included in these Financial Statements on pre-transaction basis of accounting;
- d) The net assets of the CPC were measured at their estimated fair value on the date of the Transaction; and
- e) Comparative information presented in these financial statements is that the Legal Acquiree.

Pursuant to the terms of the QT, the CPC advanced \$150,000 to the Legal Acquiree to pay the annual Eden property option payment and towards other expenses in connection with the closing of the Transaction.

The total purchase price has been allocated as follows:

Consideration given up:

6,000,000 common shares - \$0.15/share	\$ 900,000
	<u>900,000</u>

Net Assets Acquired:

Cash	252,936
GST receivable	4,374
	<u>257,310</u>

Listing expense	<u>\$ 642,690</u>
-----------------	-------------------

In connection with the Qualifying Transaction, certain members of the board of directors have resigned from the Company. The board of directors and management is now comprised of:

Douglas Fulcher (President, Chief Executive Officer and Corporate Secretary and Director)

Alain Charest (VP Exploration and Director)

John Hamilton (Chief Financial Officer)

Kevin Milledge (Director)

Pablo Mendez (Director)

Xiao Qin (Mary) Ma (Director)

Mineral Property

Eden Property, Durango/Sinaloa, Mexico

On March 24, 2021, the Company entered into an option agreement (the "Eden Agreement") with arm's-length third parties (the "Optionors"), where by it obtained an exclusive option to acquire a 100% interest in the Eden Property, located in Sinaloa, Mexico. The Eden Property comprised two contiguous titled mineral concessions, El Eden and El Eden 1, covering approximately 2,489 hectares, and was subject to a 1.0% net smelter return ("NSR") royalty.

To maintain and exercise the option, the Company was required to make aggregate cash payments of US\$710,000 and incur a minimum of US\$3,000,000 in exploration expenditures.

The Company completed an initial drill program on the 'Buenavista' vein-breccia structures in March 2024. The drilling program confirmed the continuity of the strike, and down-dip extensions of the mineralized 'Buenavista' system but the assay results returned only anomalous gold and silver values. Due to the disappointing results, the Company's inability to raise additional funds for a follow up drill program on other targets on the Eden Property, and recent cartel violence in the State of Sinaloa, the Company has determined not to continue exploration activities on the Eden Property. The Company is now in the process of reviewing other projects to acquire subject to financing.

Financing activity during the year ended December 31, 2024

On January 11, 2024, the Company issued 333,333 units at a price of \$0.15 per unit for gross proceeds of \$50,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per warrant share for a period of two years from the date of issuance. The Company incurred share issue costs of \$1,282 in connection with the private placement.

Incentive Stock Options

At December 31, 2024, the Company had the following incentive stock options outstanding enabling holders to acquire the following common shares of the Company:

Number of Options	Exercise Price	Expiry Date
600,000	\$0.10	August 16, 2026
3,100,000	\$0.15	October 30, 2028
<u>3,700,000</u>		

Share Purchase Warrants

At December 31, 2024, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
1,268,992	\$0.20	January 30, 2025
5,851,834	\$0.30	October 26, 2025
166,666	\$0.30	January 11, 2026
<u>7,287,492</u>		

* Subsequent to December 31, 2024, 1,268,992 warrants set to expire on January 30, 2025 expired unexercised.

Agent's and Finder's Warrants

At December 31, 2024, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
400,000	\$0.10	August 16, 2026
784,986	\$0.15	October 26, 2025
<u>1,184,986</u>		

Selected Annual Information

The summary of historical financial information for the last three fiscal years is presented below:

STATEMENT OF OPERATIONS AND DEFICIT DATA	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
Revenues	\$	NIL	\$	NIL	\$	NIL
Total expenses	\$	1,041,759	\$	1,485,077	\$	856,894
Net loss	\$	1,336,748	\$	2,127,767	\$	855,212
Basic and diluted net loss per share	\$	0.03	\$	0.08	\$	0.05
Weighted average number of shares outstanding		41,823,357		26,186,797		18,681,585

BALANCE SHEET DATA	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
Cash	\$	3,653	\$	407,565	\$	115,033
Working capital surplus (deficit)	\$	(109,114)	\$	941,144	\$	(265,434)
Total assets	\$	10,782	\$	1,209,088	\$	335,813
Shareholders' equity (deficiency)	\$	(109,114)	\$	1,178,916	\$	(51,352)

Results of Operations

Summary of Quarterly Results (unaudited)

Three months ended:	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Basis of preparation	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	(384,670)	(182,040)	(243,373)	(526,665)	(1,523,693)	(159,174)	(217,574)	(227,326)
Basic and diluted loss per share	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Financial Results of Operations - For the year ended December 31, 2024

During the year ended December 31, 2024, the Company incurred a net loss of \$1,336,748 (2023 - \$2,127,767) comprised of operating expenses of \$1,041,759 (2023 - \$1,485,077) and a loss from other items of \$294,989 (2023 - \$642,690). The operating expenses were mainly comprised exploration and evaluation costs of \$440,544 (2023 - \$708,367) incurred on the Eden property drill program, investor relations and marketing expenses of \$388,798 (2023 - \$87,558) and management and consulting fees of \$108,912 (2023 - \$203,048). These increases were partially offset by a reduction in project generation costs to \$nil (2023 - \$13,596), stock-based compensation expense of \$Nil (2023 - \$300,700) and a decrease in professional fees to \$20,261 (2023 - \$66,136) due to lower legal fees.

Other items for the year ended December 31, 2024 were comprised mainly of \$297,753 (2023 - \$Nil) for the impairment of exploration and evaluation assets as the Company determined not to continue exploration activities on the Eden Property.

During the year ended December 31, 2024, cash decreased by \$403,912 (2023 – increase of \$292,532). Cash used by operations during the year ended December 31, 2024 was \$392,781 (2023 – \$2,006,127). This was mainly due to the net loss of \$1,336,748 (2023 - \$2,127,767) which was partially offset by the impairment of exploration and evaluation assets, a non-cash expense of \$297,753 (2023 - \$Nil), a decrease of \$548,757 (2023 – increase of \$550,315) in prepaid expenses, and an increase of \$89,724 (2023 – decrease of \$349,141) in accounts payable and accrued liabilities. There was no increase or decrease (2023 - increase of \$70,702) in value added tax (“VAT”) receivable as the Company elected to expense VAT going forward from December 31, 2023.

During the year ended December 31, 2024, cash used by investing activities was \$59,849 (2023 – cash provided of \$149,176). This was comprised of \$62,094 (2023 - \$102,764) for the option payment paid per the Eden Property option agreement and \$2,245 (2023 - \$Nil) received on the sale of equipment. In 2023, the Company acquired cash of \$252,936 upon the completion of the RTO.

During the year ended December 31, 2024, cash provided by financing activities was \$48,718 comprised entirely of net proceeds received upon the completion of a private placement financing.

During the year ended December 31, 2023, cash provided by financing activities was \$2,149,483. The Company received net proceeds of \$2,026,002 upon the completion of two private placement financings and \$131,333 received upon the exercise of 656,666 share purchase warrants. These proceeds were offset by \$7,852 for payment of the principal portion of an office lease.

Financial Results of Operations - For the three months ended December 31, 2024

The Corporation incurred a net loss of \$384,670 during the three months ended December 31, 2024. Operating expenses were kept to a minimum during the period as the had limited cash resources. The loss was mainly comprised of \$297,753 (2023 - \$Nil) for the impairment of exploration and evaluation assets as the Company determined not to continue exploration activities on the Eden Property.

The Corporation incurred a net loss of \$1,523,693 during the three months ended December 31, 2023. The loss was mainly due to exploration expenditures of \$372,662 incurred on the Eden Property. RTO transaction costs totaled \$642,690. The loss was also due to management and consulting fees of \$67,937, investor relations and marketing expenses of \$86,963 and professional fees of 13,776. Stock-based compensation, a non-cash expense, was \$300,700 which accounted for the value of stock options granted in October 2023 using the Black-Scholes valuation method.

Liquidity and Capital Resources

As at December 31, 2024, the Company had cash of \$3,653 and a working capital deficit of \$109,114. As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded operations through the issuance of equity securities on a private placement basis.

The Company is expected to experience negative cash flows indefinitely. The Company cannot offer any assurances that expenses will not exceed management's expectations. The Company will require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company had the following transactions with related parties during the year ended December 31, 2024:

1. Paid or accrued fees of \$60,000 (2023 - \$90,000) for management and geological services to Alain Charest, the former CEO of the Company and current VP, Exploration, which were included in exploration costs and project generation expenses;
2. Paid or accrued management fees of \$52,000 (2023 - \$60,000) to Digga Holdings, a private company controlled by Douglas Fulcher, the President and CEO of the Company;
3. Paid or accrued management fees of \$25,000 (2023 - \$45,000) to Copsewood Capital Corp., a private company controlled by Jonathan Younie, the former CFO of the Company; and
4. Paid or accrued rent and office administration expenses of \$38,189 (2023 - \$54,893) to Pamicon Development Corp., a private company 10% owned by Douglas Fulcher and 90% owned by Kevin Milledge, a director of the Company.

There was \$98,955 owing to related parties as at December 31, 2024 (December 31, 2023 - \$21,890). These amounts are unsecured, non-interest bearing, and due on demand.

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our Company.

Accounting Policies

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amount of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the material accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2024.

Outstanding Share Data – as at June 30, 2025

	Number	Weighted Average	
		Price	Remaining Life in Years
Common shares, issued and outstanding	41,832,489		
Stock options	3,700,000	\$0.14	2.97
Share purchase warrants	6,018,500	\$0.30	0.30
Agent's/Finder's warrants	1,184,986	\$0.13	0.58
Fully Diluted	52,735,975		

At June 30, 2025, 5,281,124 common shares are being held in escrow with Odyssey Trust Company pursuant to a Tier 2 value security escrow agreement. These shares will be released from escrow every six months in three equal instalments commencing on October 27, 2025.

Additional Disclosure for Junior Issuers

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's financial statements, which are available on SEDAR+ (www.sedarplus.ca).

Risks and Uncertainties

The Company's principal activity is mineral exploration. As such, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs.

Other risks include, but are not limited to fluctuating metal prices, and environmental, political and economic issues. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Although the Company has taken steps to verify the title to its mineral property, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The Company currently has no title or option on a mineral property after deciding not to continue its exploration of the Eden property. The Company is in the process of

identifying another mineral property. It is most likely that any property the Company does acquire will be in the exploration stage only, and will have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of a mineral property that the Company may acquire in the future may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its former properties that may result in material liability to the Company. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to.

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Going Concern of Operations

The Company has prepared its financial statements in accordance with IFRS Accounting Standards ("IFRS") 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 financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2024, the Company has not generated any revenues and has incurred losses of \$5,053,366 since incorporation. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

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 above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although the Company's financial statements have been prepared on a going concern basis, the

Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

Forward-Looking Statements

This report contains forward-looking statements, including statements regarding the future success of our business, exploration and development strategies and future opportunities. Forward-looking statements include, but are not limited to, statements concerning estimates of expected capital expenditures, statements relating to expected future production and cash flows, statements relating to the continued advancement of the Company's exploration, and development projects, and other statements which are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that can cause actual results to differ from these forward-looking statements include the potential that the Company's projects will experience technological and mechanical problems, changes in political conditions, changes in the availability to obtain project financings and other risks. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.