Southern Arc
MINERALS INC.

INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED
MARCH 31, 2025 AND 2024

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER
CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Southern Arc Minerals Inc. (the "Company") for the three and nine months ended March 31, 2025, have been prepared by management and are the responsibility of the Company's management and have not been reviewed by an auditor.

SOUTHERN ARC MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

As at		**March 31, 2025**		**June 30, 2024**
Assets				
Current				
Cash	$	10,123	$	14,412
Receivables		9,204		4,130
Prepaid expenses and other deposits (Note 6)		4,706		6,041
Investments (Note 3)		36,000		253,565
		60,033		278,148
Furniture and equipment (Note 4)		1,212		1,819
Total assets	**$**	**61,245**	**$**	**279,967**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	138,805	$	65,906
		138,805		65,906
Deferred gain on investment (Note 3a)		-		9,166
Total liabilities		138,805		75,072
Shareholders' equity				
Capital stock (Note 5)		78,577,429		78,577,429
Treasury stock (Note 5)		(1,170,000)		(1,170,000)
Equity reserve		12,219,119		12,219,119
Accumulated other comprehensive loss		(1,067,187)		(458,824)
Deficit		(88,636,921)		(88,962,829)
Total shareholders' equity (deficit)		(77,560)		204,895
Total liabilities and shareholders' equity	**$**	**61,245**	**$**	**279,967**

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issuance on May 30, 2025:

On behalf of the Board of Directors

"John Proust" Director *"Murray Flanigan"* Director

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

SOUTHERN ARC MINERALS INC.

STATEMENTS OF NET LOSS

(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31, 2025	Three months ended March 31, 2024	Nine months ended March 31, 2025	Nine months ended March 31, 2024
Expenses				
Depreciation (Note 4)	$ 202	$ 202	$ 606	$ 606
Foreign exchange loss (gain)	18	(1,164)	10	(3,546)
Investor relations	-	611	-	1,833
Management fees (Note 6)	30,000	30,000	90,000	90,000
Office and miscellaneous	7,266	7,028	19,870	22,165
Professional fees	8,000	8,642	20,387	64,640
Transfer agent and filing fees	1,251	1,801	11,323	8,601
Loss before other items	**(46,737)**	**(47,120)**	**(142,196)**	**(184,299)**
Other income (expense)				
Interest and other income	-	2	-	1,900
Realized and unrealized loss on investment (Note 3a)	-	(1,515)	(43)	(641)
Amortization of deferred gain on warrants (Note 3a)	-	4,993	9,166	15,090
	-	3,480	9,123	16,349
Net loss for the period	**$ (46,737)**	**$ (43,640)**	**$ (133,073)**	**$ (167,950)**
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average shares outstanding (Note 5)	22,768,283	22,768,283	22,768,283	22,768,283
Diluted weighted average shares outstanding (Note 5)	22,768,283	22,768,283	22,768,283	22,768,283

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

SOUTHERN ARC MINERALS INC.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31, 2025	Three months ended March 31, 2024	Nine months ended March 31, 2025	Nine months ended March 31, 2024
Net loss for the period	$ (46,737)	$ (43,640)	$ (133,073)	$ (167,950)
Other comprehensive income				
Items that may not be subsequently reclassified to income:				
Change in fair value of investments (Note 3)	(29,793)	(25,589)	(149,382)	(32,721)
	(29,793)	(25,589)	(149,382)	(32,721)
Total comprehensive loss for the period	**$ (76,530)**	**$ (69,229)**	**$ (282,455)**	**$ (200,671)**

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

For the nine months ended		March 31, 2025		March 31, 2024
Cash flows from operating activities				
Net loss for the period	$	(133,073)	$	(167,950)
Items not affecting cash:				
Depreciation		606		606
Realized and unrealized loss on investments (Note 3a)		43		641
Amortization of deferred gains on warrants (Note 3a)		(9,166)		(15,090)
Unrealized foreign exchange loss (gain)		10		(3,546)
Changes in non-cash working capital items:				
Receivables and prepaid expenses		(3,739)		7,346
Accounts payable and accrued liabilities		72,899		15,012
Net cash used in operating activities		(72,420)		(162,981)
Cash flows from investing activities				
Proceeds from sale of investments (Note 3a and 3b)		68,141		-
Net cash provided by investing activities		68,141		-
Change in cash during the period		**(4,279)**		**(162,981)**
Effect of foreign exchange on cash		(10)		3,546
Cash, beginning of the period		14,412		183,800
Cash, end of the period	**$**	**10,123**	**$**	**24,365**

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars)

	Capital Stock		Treasury Stock	Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
	Number of shares	Capital Stock					
Balance, June 30, 2023	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,219,119**	**$ (512,056)**	**$ (88,717,965)**	**$ 396,527**
Net loss for the period	-	-	-	-	-	(167,950)	(167,950)
Other comprehensive loss	-	-	-	-	(17,631)	-	(17,631)
Balance, March 31, 2024	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,219,119**	**$ (529,687)**	**$ (88,885,915)**	**$ 210,946**
Balance, June 30, 2024	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,219,119**	**$ (458,824)**	**$ (88,962,829)**	**$ 204,895**
Accumulated other comprehensive loss transferred to deficit (Note 3a)	-	-	-	-	(396,141)	396,141	-
Accumulated other comprehensive loss transferred to deficit (Note 3b)	-	-	-	-	(62,840)	62,840	-
Net loss for the period	-	-	-	-	-	(133,073)	(133,073)
Other comprehensive loss	-	-	-	-	(149,382)	-	(149,382)
Balance, March 31, 2025	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,219,119**	**$ (1,067,187)**	**$ (88,636,921)**	**$ (77,560)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Southern Arc Minerals Inc. ("Southern Arc" or "the Company") was incorporated in British Columbia, Canada on August 19, 2004. The Company is a Canadian company focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. The Company's head office is located at Suite 650 - 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

These condensed interim financial statements for the periods ended March 31, 2025 and 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern is dependent upon successful execution of its business plan and ultimately generating net income and positive cashflow. For the period ended March 31, 2025, the Company recorded a net loss of $133,073 and had negative cash flows from operations of $72,420. These conditions result in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company expects to continue to raise the necessary financing in order to meet its business objectives primarily through the issuance of common shares at the appropriate time. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These 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 and such adjustments could be material to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) including IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2024.

These condensed interim financial statements were authorised for issue by the Company's Board of Directors on May 30, 2025. These financial statements are presented on a historical cost basis, except for financial assets classified as fair value through other comprehensive income, or derivatives, including warrants, which are recorded at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future conditions and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to,

i. The determination of the fair value of warrants received, including the liquidity discount applied which requires an estimation of volatility and discount rates (Note 3).
ii. The determination of the fair value of shares purchased, including the liquidity discount applied which requires an estimation of volatility and discount rates (Note 3).

These assumptions affect the fair value of investments in warrants, common shares, deferred gains and the amortization thereof, and the related unrealized gains (losses) on investments.

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about whether sufficient financing will be obtained as required. See Note 1.

(Unaudited - Expressed in Canadian dollars)

3. INVESTMENTS

The following table summarizes the Company's investments as at March 31, 2025 and June 30, 2024:

	March 31, 2025			June 30, 2024		
	Number of Securities		Fair Value	Number of Securities		Fair Value
Investment in shares of Rise Gold Corp.	400,000	$	36,000	1,015,612	$	238,669
Investment in warrants of Rise Gold Corp.	-		-	500,000		43
Investment in shares of Japan Gold Corp.	-		-	228,510		14,853
Total investments		**$**	**36,000**		**$**	**253,565**

	March 31, 2025		June 30, 2024	
	Gain (loss) in other comprehensive income		Gain (loss) in other comprehensive income	
Investment in shares of Rise Gold Corp.	$	(151,667)	$	50,781
Investment in shares of Adriatic Metals Plc.		-		9,366
Investment in shares of Japan Gold Corp.		2,285		(22,851)
Change in fair value of investments	**$**	**(149,382)**	**$**	**37,296**

a) Rise Gold Corp.

The Company previously received 15,612 common shares of Rise Gold Corp. ("Rise Gold") in October 2020 as part of a return of capital transaction to the shareholders of the Company.

On January 24, 2023, the Company subscribed for 1,000,000 units in a private placement offering of Rise Gold for a total investment of $534,800 (US$400,000). Each purchased unit comprises of one common share of Rise Gold and one half of one purchase warrant. Each whole purchase warrant entitles the Company to purchase an additional common share of Rise Gold at US$0.60 per share until January 31, 2025.

The accounting fair value of the Rise Gold common shares at acquisition date on January 24, 2023 was determined to be $626,400, using the quoted market price of $720,000 and taking into account a liquidity discount of $93,600 which reflects that the common shares were subject to a four month hold period. Management used a Black- Scholes pricing model to determine the value of the liquidity discount and the inputs into the model are shown in a table below. The liquidity discount of $93,600 was amortized into comprehensive loss over the four month hold period as part of the change in fair value of the investment.

The accounting fair value of the Rise Gold warrants at acquisition date was determined to be $92,474, using a Black-Scholes pricing model valuation of $106,292 and taking into account a liquidity discount of $13,818 which reflects that the warrants were subject to a four month hold period. The liquidity discount was amortized into net loss over the four month hold period as part of the unrealized loss on the investment. The inputs into the Black-Scholes model to determine the liquidity discount and the valuation of the warrants as at acquisition date are shown in the tables below.

The $184,074 difference between the $534,800 acquisition cost of the Rise Gold units and the $718,874 accounting fair value of the Rise Gold common shares ($626,400) and warrants ($92,474) was recognized as a deferred gain at initial recognition. The $146,921 deferred gain relating to the Rise Gold common shares was amortized into other comprehensive income over the four-month hold period. The $37,153 deferred gain relating to the Rise Gold warrants is being amortized into net loss on a straight-line basis over the two-year contractual term of the warrants. As at March 31, 2025, the amortization of deferred gain in Rise Gold warrants is $9,166 (March 31, 2024: $14,159) The amortization of deferred gain in Rise Gold warrants is presented in the statement of net loss. As at March 31, 2025, the deferred gain balance relating to the Rise Gold common shares has been fully amortized and the deferred gain balance related to the Rise Gold warrants is $Nil (June 30, 2024: $9,166). The deferred gain balance related to the Rise Gold warrants is presented in the statement of financial position.

(Unaudited - Expressed in Canadian dollars)

3. INVESTMENTS (continued)

a) Rise Gold Corp. (continued)

The quoted market price of the Rise Gold common shares was lower for the period ended March 31, 2025 compared to the year ended June 30, 2024. As a result, during the period ended March 31, 2025, the Company recorded a net loss on the Rise Gold common shares in other comprehensive loss of $151,667. The Company also recorded a loss on the Rise Gold warrants in net loss of $43. During the period ended March 31, 2025, the Rise Gold warrants expired unexercised.

During the period ended March 31, 2025, the Company sold 615,612 shares of Rise Gold Corp. for proceeds of $51,002. On sale of the Rise Gold Corp. shares, the accumulated loss of $396,141 in other comprehensive loss was transferred to deficit.

The following weighted average assumptions were used for the Black-Scholes valuation of the Rise Gold liquidity discount for the common shares and warrants:

		January 24, 2023
Risk-free interest rate		4.41%
Expected hold period (in years)		0.351
Expected volatility		60%
Share price (US$)	$	0.54
Exercise price (US$)	$	0.54

The following weighted average assumptions were used for the Black-Scholes valuation of the Rise Gold warrants:

		December 31, 2024		June 30, 2024		January 24, 2023
Risk-free interest rate		2.93%		3.99%		3.80%
Expected life of warrants (in years)		0.08		0.59		2.02
Expected volatility		55%		55%		55%
Share price (US$)	$	0.13	$	0.17	$	0.54
Exercise price (US$)	$	0.60	$	0.60	$	0.60
Value of Call Option	$	0.00	$	0.00	$	0.16

The Chief Executive Officer ("CEO") of the Company was a director in Rise Gold and through entities controlled by the CEO, participated in the Rise Gold private placement by purchasing 262,613 units for $144,436 (US$105,045). The Chief Financial Officer ("CFO") of the Company was also the CFO of Rise Gold at that time.

b) Japan Gold Corp.

The Company previously received 228,510 common shares of Japan Gold Corp. in October 2020 as part of a return of capital transaction to the shareholders of the Company. During the period ended March 31, 2025, the Company sold 228,510 shares of Japan Gold Corp. for proceeds of $17,138 and recognized a gain of $2,285 in other comprehensive income. On sale of the Japan Gold Corp. shares, the accumulated loss of $62,840 in other comprehensive loss was transferred to deficit.

(Unaudited - Expressed in Canadian dollars)

4. FURNITURE AND EQUIPMENT

Cost		Office Furniture		Leasehold Improvements		Total
At June 30, 2024	$	35,071	$	29,660	$	64,731
Addition		-		-		-
At March 31, 2025	$	35,071	$	29,660	$	64,731
Accumulated depreciation						
At June 30, 2023		32,444	$	29,660	$	62,104
Depreciation expenses		808		-		808
At June 30, 2024		33,252	$	29,660	$	62,912
Depreciation expenses		606		-		606
At March 31, 2025		33,859	$	29,660	$	63,519
Total carrying value, June 30, 2024	**$**	**1,819**	**$**	**-**	**$**	**1,819**
Total carrying value, March 31, 2025	**$**	**1,212**	**$**	**-**	**$**	**1,212**

5. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of Class A common shares without par value. As at March 31, 2025, 22,898,283 (June 30, 2024 – 22,898,283) are issued of which 22,768,283 (June 30, 2024 – 22,768,283) are outstanding and 130,000 (June 30, 2024 – 130,000) are common shares held by the Company as treasury stock.

Share options

The Company grants share options in accordance with its share option plan and the policies of the TSX Venture Exchange. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The terms of the option, including the vesting terms and the option price, are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's shares on the date of grant. The share options granted are exercisable for a period of up to ten years, as determined by the board of directors at the time of grant.

As at March 31, 2025 and June 30, 2024, the Company has no share options outstanding.

Share purchase warrants

As at March 31, 2025 and June 30, 2024, the Company has no share purchase warrants outstanding.

6. RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors and officers of the Company.

Key management compensation for the three and nine-month period ended March 31, 2025, consisted of management fees of $30,000 and $90,000 (March 31, 2024 - $30,000 and $90,000) respectively paid to two private companies controlled by the Chief Executive Officer and Chairman of the Company. Management fees include administrative, finance, accounting, investor relations and consulting services. As at March 31, 2025, $89,250 (June 30, 2024: $Nil) of these fees were outstanding and payable to the officer. As at March 31, 2025, the Company had a deposit balance of $4,706 (June 30, 2024 - $4,706) for its occupancy costs.

The above transactions are recorded at the consideration established and agreed to by the related parties.

7. SEGMENTED INFORMATION

A reporting segment is defined as a component of the Company that:

- Engages in business activities from which it may earn revenues and incur expenses;
- Operating results are reviewed regularly by the entity's chief operating decision maker; and
- Discrete financial information is available

The Company conducts its business as a single operating segment focused on the acquisition and exploration of resource properties and investments. As at March 31, 2025 and June 30, 2024, all of the Company's assets and liabilities and income are in Canada.

8. FINANCIAL INSTRUMENTS

The nature of the Company's operations exposes the Company to credit risk, liquidity risk and market risk, which may have a material effect on cash flows, operations and comprehensive income.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company currently does not have any significant credit risk.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Company's cash is minimal. The Company is subject to foreign currency fluctuations primarily on its cash denominated in a currency other than the Canadian dollar.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The Company's investment in common shares of Japan Gold Corp. and Rise Gold were recognized at fair value using the quoted market price of these instruments. Accordingly, these are classified as level 1, except for the Rise Gold shares which were classified as level 2 on initial recognition, as the inputs used in the determination of the liquidity discount were not directly observable. Subsequently, the investment in common shares of Rise Gold were classified as level 1. The Rise Gold warrants were recognized at fair value using level 2 inputs. The fair value of the Rise Gold warrants was determined using a Black-Scholes option pricing formula along with comparable volatility calculated using similar comparable companies of Rise Gold. The carrying value of cash, receivables, deposits and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.