KOOTENAY RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended

December 31, 2024

and

December 31, 2023

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Kootenay Resources Inc.:

Opinion

We have audited the consolidated financial statements of Kootenay Resources Inc and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other 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 experienced operating losses and negative operating cash flows. As stated in Note 1, these events or conditions, 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 matter 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 report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Abhishek Kapoor.

Vancouver, British Columbia

MNP LLP

April 30, 2025

Chartered Professional Accountants

Management's Responsibility

To the Shareholders of Kootenay Resources Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and the Audit Committee are composed of three Directors one of which is neither management nor an employee of Kootenay Resources Inc. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Kootenay Resources Inc.'s external auditors.

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

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 30, 2025

"James McDonald"
James McDonald
Chief Executive Officer

"Rajwant Kang"
Rajwant Kang
Chief Financial Officer

Index

CONSOLIDATED FINANCIAL STATEMENTS

KOOTENAY RESOURCES INC.

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31, 2024		December 31, 2023
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**19,481**	$	15,399
Receivables and advances (Note 7)		**104,038**		59,106
Prepaid expenses		**211**		1,140
		123,730		75,645
Non-current assets:				
Fixed assets (Note 4)		**6,613**		9,447
Exploration advances and reclamation deposits		**76,150**		88,150
Exploration and evaluation assets (Note 5)		**4,456,839**		4,154,512
Total assets	**$**	**4,663,332**	$	4,327,754
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**207,933**	$	158,044
		207,933		158,044
Non-current liabilities:				
Deferred tax liability (Note 10)		**64,888**		64,888
Total liabilities	**$**	**272,821**	$	222,932
Shareholders' equity:				
Share capital (Note 6)		**4,997,707**		4,627,985
Reserves		**75,985**		-
Deficit		**(683,181)**		(523,163)
Total shareholders' equity		**4,390,511**		4,104,822
Total liabilities and shareholders' equity	**$**	**4,663,332**	$	4,327,754

Nature of Operations and Going Concern (Note 1)
Subsequent event (Note 12)

Approved on Behalf of the Board:

"Raj Kang"
Director

"James McDonald"
Director

- See Accompanying Notes -

KOOTENAY RESOURCES INC.

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Year ended December 31, 2024		Year ended December 31, 2023
General and administrative expenses				
Depreciation (Note 4)	**$**	**2,834**	**$**	4,049
Office and general		**71,352**		61,142
Professional fees		**44,663**		166,388
Rent		**41,118**		35,750
Regulatory and filing fees		**53,790**		33,352
Loss before exploration and other Items		**213,757**		300,681
Exploration				
Mineral property investigation (Note 5)		**3,172**		-
		3,172		-
Other items				
Other income (Note 5)		**(9,366)**		(4,713)
Recovery of flow-through premium liability		**(47,545)**		-
		(56,911)		(4,713)
Loss before income tax recovery	**$**	**160,018**	$	295,968
Income tax recovery (Note 10)		**-**		(68,462)
Loss & comprehensive loss for the year	**$**	**160,018**	$	227,506
Basic and diluted loss per share (Note 6)	**$**	**(0.004)**	**$**	(0.007)
Weighted average number of shares outstanding basic and diluted		**36,924,279**		31,053,853

- see accompanying notes -

KOOTENAY RESOURCES INC.

(Expressed in Canadian dollars except for number of shares)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares		Capital Stock		Reserves		Subscription Received in Advance		Deficit		Total Equity
Balance, December 31, 2022	28,305,370	$	4,186,905	$	(25,824)	$	240,254	$	(295,657)	$	4,105,678
Mineral property payment	3,600,000		360,000		-		-		-		360,000
Shares issuable for settlement of accounts payable and services	2,232,536		223,254		-		(223,254)		-		-
Flow through shares	-		(133,350)		-		-				(133,350)
Loss for the year	-		-		-		-		(227,506)		(227,506)
Balance, December 31, 2023	**34,137,906**	**$**	**4,636,809**	**$**	**(25,824)**	**$**	**17,000**	**$**	**(523,163)**	**$**	**4,104,822**
Balance, December 31, 2023	34,137,906	$	4,636,809	$	(25,824)	$	17,000	$	(523,163)	$	4,104,822
Shares issued, net of issuance costs	4,095,633		359,641		75,985		-		-	$	435,626
Shares subscription	-		-		-		57,626		-	$	57,626
Flow through premiun liability	-		(47,545)		-		-		-	$	(47,545)
Loss for the year	-		-		-		-		(160,018)		(160,018)
Balance, December 31, 2024	**38,233,539**	**$**	**4,948,905**	**$**	**50,161**	**$**	**74,626**	**$**	**(683,181)**	**$**	**4,390,511**

- see accompanying notes -

KOOTENAY RESOURCES INC.
(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2024	2023
Cash flows from operating activities		
Loss for the year	**$ (160,018)**	$ (227,506)
Add items not involving cash:		
Depreciation	**2,834**	4,049
Income tax recovery	**-**	(68,462)
Recovery of flow-through premium liability	**(47,545)**	-
	(204,729)	(291,919)
Changes in non-cash working capital balances:		
Receivable and advances	**(32,932)**	(22,747)
Prepaid expense	**929**	(412)
Accounts payable and accrued liabilities	**49,888**	20,044
	(186,844)	(295,034)
Cash flows from financing activities		
Net proceeds from private placement net of issuance costs (Note 6)	**435,626**	360,000
Share subscription	**57,626**	-
	493,252	360,000
Cash flows from investing activities		
Receipt of mineral property payment (Note 5)	**110,000**	60,000
Investment in exploration and evaluation assets (Note 5)	**(412,326)**	(615,131)
	(302,326)	(555,131)
Net change in cash and cash equivalents during the year	**4,082**	(490,165)
Cash and cash equivalents, beginning of the year	**15,399**	505,564
Cash and cash equivalents, end of the year	**$ 19,481**	$ 15,399

- see accompanying notes -

(Expressed in Canadian dollars)

1 Nature of Operations and Going Concern

Kootenay Resources Inc. (the "Company") is a Canadian exploration stage company incorporated under the *Business Corporations Act* (British Columbia). The address of the Company's registered office is 910 - 810 West Pender St. Vancouver, British Columbia, Canada. On May 1, 2024, the Company commenced trading on the TSX Venture Exchange under the ticker symbol "KTRI"..

The Company was spun out by its then parent Kootenay Silver Inc. ("KSI") and completed a share capital reorganization by way of statutory plan of arrangement ("Arrangement"), whereby KSI reorganized its assets and operations into two separate companies: KSI and the Company Closing of the Arrangement was effective October 29, 2021 ("Effective Date").

Under the Arrangement, the Company acquired the following from KSI:

- Rights to all mineral exploration properties held by KSI in British Columbia, Canada,
- Rights to all mineral exploration properties held by KSI in Yukon, Canada, and
- Fixed assets held at field office by KSI in British Columbia, Canada transferred at depreciated value.

The transaction was recorded at carrying value. The carrying value of the net assets transferred to the Company pursuant to the Arrangement consisted of the following:

Exploration Advances	$	10,000
Reclamation Bonds		84,252
Property and equipment		20,657
Mineral Properties		3,095,093
Total assets		**3,210,002**
Liabilities/Equity:		
Accounts payable and Accrued liabilities		(30,657)
Carrying value of net assets	**$**	**3,179,345**

The Arrangement involved a distribution of the Company's shares to existing KSI shareholders such that each KSI shareholder holding one (1) share of the Company for every twenty-five (25) KSI shares they held on the effective date of the Arrangement. A total of 16,026,370 common shares of the Company were issued (Note 6). Special provisions for Kootenay options and warrants holders as of the effective date pursuant to the Arrangement also came into effect using the same ratio.

The Company is focused on acquiring and exploring mineral properties principally located in Canada, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future, there can be no assurance that it will be able to do so in the future.

.

1 Nature of Operations and Going Concern (*continued*)

The Company has experienced operating losses and negative operating cash flows; operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. Management has estimated that the Company has sufficient financing to complete current work plans having successfully raised funds subsequent to the year end; however, future development will require additional financing in order to complete all anticipated exploration and other programs during the forthcoming year and thereafter. If funds are unavailable terms satisfactory to the Company, some or all planned activities may be cancelled or postponed.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its projects in Canada. There is a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities would be necessary. Such adjustment might be material.

2 Basis of Presentation:

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on April 30, 2025.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and its wholly-owned Canadian subsidiary.

3 Material Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The material accounting policies adopted by the Company are as follows:

Basis of measurement

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

3 Material Accounting Policies *(continued)***:**

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, 536736 Yukon Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated in full upon consolidation.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

Share capital – if warrants are being issued, based on the valuation derived using the residual method after fair value of warrants. If warrants are not being issued, the fair market price at the date of the issuance will be applied;

Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion of share capital in excess of the market value of the shares without the flow-through features at the time of issue; and

Warrants – if warrants are being issued, the fair value of warrants will be based on the Black-Scholes option-pricing model.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period under the regular method. The Company uses the Look-back rule. Under the “Look-back” rule, the proceeds that were received in the year and not spent by December 31 of the same year were renounced under the “Look-back” rule and need to be spent by December 31 of the following year.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and expenses for the year. By their nature, these estimates and judgments are subject to uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant. Actual results may differ from those estimates and judgements.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

3 Material Accounting Policies *(continued)***:**

(i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

(ii) Decommissioning liabilities

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation on an ongoing basis. Significant estimates and assumptions are made in determining the provision for site reclamation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The Company holds reclamation bonds with the Ministry of Mines for Canadian exploration properties.

(iii) Share-based payments

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants who provide services similar to those of employees. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of the grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes model on the date of the grant based on certain assumptions. Where vesting conditions exist for share options, the Board reviews progress against those vesting conditions annually and reviews the estimated date of the financial close of project, which will impact the consolidated financial statements.

In the event that milestone conditions are not met, it is anticipated that certain options will lapse.

(iv) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to the:

(i) Going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions.

3 Material Accounting Policies *(continued)***:**

Cash and cash equivalents

Cash is comprised of cash held with banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Mineral property interests

Mineral properties correspond to acquired interests in mining exploration claim tenures and concessions, which include the right to explore, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development costs according to the nature of the assets. The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits necessary to complete the development and future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title that are not in the public domain or the title registry office and/or may be affected by undetected defects.

Decommissioning liabilities

The Company recognizes the present value of estimated costs of legal and constructive obligations for decommissioning liabilities in the year in which it is incurred or when there is a legal or constructive obligation. The fair value of decommissioning liabilities is recorded as a liability and a corresponding increase in mineral properties. Changes in the liability for decommissioning liabilities due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statements of loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Actual costs incurred upon settlement are charged against the decommissioning liabilities. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in the statements of loss in the year in which the settlement occurs. Estimated future site restoration costs for the Company's mineral property interests are considered not significant for the years ended December 31, 2024 and 2023.

3 Material Accounting Policies *(continued)***:**

Impairment

i) Financial assets

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 recognizes in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss for 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.

ii) Non-financial assets

The carrying amounts of exploration and evaluations assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have / will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered, and exploration and evaluation activities will be discontinued; or
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the mineral properties' recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. During the years ended December 31, 2024 and 2023, there were no indicators of impairment for the Company's exploration and evaluation assets.

3 Material Accounting Policies *(continued)***:**

Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued as non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (or loss) attributable to the common shareholders of the Company divided by the weighted average number of common shares outstanding during the year. The diluted income per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

The calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes option pricing model, the residual value being allocated to shares.

Share-based payments

The grant date fair value of share-based payment awards granted to employees, officers, consultants, who provide services similar to those of employees, and directors is recognized as a share-based payment expense, with a corresponding increase in reserves, over the period during which the employees, officers, consultants and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Comprehensive income (loss)

Other comprehensive income (loss) represents the change in net shareholders' equity for the year that arises from fair value changes to financial assets classified as FVOCI and foreign currency translation adjustments on foreign subsidiaries. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive loss which is presented as a separate category in shareholders' equity.

3 Material Accounting Policies *(continued)***:**

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized 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. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

<u>Classification of financial assets</u>

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows, and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model who objective is achieved by both collection contractual cash flows and selling financial assets, and

3 Material Accounting Policies *(continued)*:

Financial instruments *(continued)*

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets not measured at amortized costs or FVTOCI are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Receivables, excluding tax receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Current and future accounting standards

Adoption of New Accounting Standards, Interpretation or Amendments

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the International Accounting Standards Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be compiled with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments have no material impact on the Company.

3 **Material Accounting Policies** *(continued)***:**

Current and future accounting standards *(continued)***:**

New Accounting Standards Issued but not yet Effective

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued amendments to IFRS 18, Presentation and Disclosure in Financial Statements. These amendments, effective for annual periods beginning on or after January 1, 2027, replace IAS 1 and introduce new requirements for the presentation and disclosure of information in financial statements. They aim to improve the consistency and comparability of financial reporting, particularly in the income statement, and introduce new requirements for management-defined performance measures to be explained and included in a separate note within the consolidated financial statement. The Company is currently evaluating the impact of these amendments on its financial statements.

There are no other standards or amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company.

(Expressed in Canadian dollars)

4 Fixed Assets:

		Vehicle		Equipment		Total
Cost						
Balance December 31, 2022	$	1,119	$	19,537	$	20,656
Addition		-		-		-
Balance December 31, 2023		1,119		19,537		20,656
Addition		-		-		-
Balance December 31, 2024	**$**	**1,119**	**$**	**19,537**	**$**	**20,656**
Accumulated Depreciation						
Balance December 31, 2022	$	388	$	6,772	$	7,160
Depreciation for the year		219		3,830		4,049
Balance December 31, 2023		607		10,602		11,209
Depreciation for the year		154		2,680		2,834
Balance December 31, 2024	**$**	**761**	**$**	**13,282**	**$**	**14,043**
Carrying value						
December 31, 2023	$	512	$	8,935	$	9,447
Carrying value						
December 31, 2024	**$**	**358**	**$**	**6,255**	**$**	**6,613**

(Expressed in Canadian dollars)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

5 Exploration and evaluation assets:

	CANADA									December 31, 2024	Dec 31, 2023
	Moyie Anticline	Rackla	Two Times Fred	Copley	Fox	Nechako Region	Walter the Water Buffalo	Silver Fox	Other	Total	Total
	$	$	$	$	$	$	$	$	$	$	$
Acquisition Costs											
Balance, beginning	409,877	163,301	144,675	161,453	149,965	-	22,750	59,250	178,443	**1,289,714**	929,714
Incurred	-	-	-	-	-	-	-	-	-	**-**	360,000
Balance, ending	**409,877**	**163,301**	**144,675**	**161,453**	**149,965**	**-**	**22,750**	**59,250**	**178,443**	**1,289,714**	1,289,714
Exploration Expenditures											
Balance, beginning	824,258	141,553	444,277	762,691	128,865	1,092,480	158,761	1,838,656	1,952,748	**7,344,289**	7,093,872
Assaying and Lab	104	-	-	-	-	3,184	-	-	-	**3,288**	-
Camp Costs	-	-	-	-	-	-		-	-	**-**	-
Drafting	18,887	-	-	-	1,425	9,975	-	-	1,425	**31,712**	4,840
Drilling	-	-	900	3,600	-	-	-	-	-	**4,500**	3,375
Geological mapping	194,096	-	-	-	-	-	-	-	-	**194,096**	2,788
Geophysics	11,473	-	-	-	-	-	-	-	-	**11,473**	211,221
Maintenance	14,016	-	-	-	-	-	-	258	7,800	**22,074**	9,151
Miscellaneous	-	-	-	-	65	-	-	-	475	**540**	-
Geological Consulting and Prospecting	121,951	-	-	-	1,725	10,968	-	-	-	**134,644**	19,042
Rock Sampling	-	-	-	-	-	-	-	-	-	**-**	-
Incurred	**360,527**	**-**	**900**	**3,600**	**3,215**	**24,127**	**-**	**258**	**9,700**	**402,327**	250,417
Balance, ending	1,184,785	141,553	445,177	766,291	132,080	1,116,607	158,761	1,838,914	1,962,448	**7,746,616**	7,344,289
Total properties balance	**1,594,662**	**304,854**	**589,852**	**927,744**	**282,045**	**1,116,607**	**181,511**	**1,898,164**	**2,140,891**	**9,036,330**	8,634,003
Balance, beginning	**-**	**(33,053)**	**(269,567)**	**(640,650)**	**(65,192)**	**(477,292)**	**(158,761)**	**(1,368,003)**	**(1,466,973)**	**(4,479,491)**	(4,424,204)
Cost recovery / Impairment	**-**	**-**	**-**	**-**	**-**	**-**	**634**	**-**	**-**	**634**	-
Option payment received	-	-	**-**	**(100,000)**	-	**-**	**(634)**	-	-	**(100,634)**	(55,287)
Carrying value mineral properties	**1,594,662**	**271,801**	**320,285**	**187,094**	**216,853**	**639,315**	**-**	**530,161**	**673,918**	**4,456,839**	4,154,512

5 Exploration and evaluation assets *(continued)***:**

The Company assumed various obligations that its then parent company KSI had entered into which are outlined below under option agreements, grubstake agreements for various Canadian exploration properties. All interest has been transferred from KSI to the Company.

Copley Property – Nechako Plateau, British Columbia

On February 23, 2010, KSI entered into an option agreement whereby it was granted the right to earn a 100% undivided interest in 10 mineral tenures totaling approximately 2,927 hectares collectively named as the Copley Property. Under the agreement the KSI made total cash payments of $80,000; issued an aggregate total of 130,000 common shares with a fair value of $80,400, incurred $1,053 in filing costs and agreed to make a cash payment of $5 per metre drilled to a maximum of 100,000 metres.

On March 21, 2022, the Company signed an option agreement with a wholly owned subsidiary of Centerra Gold (KB) Inc. (“Centerra”), whereby Centerra is granted an option to earn a 70% interest in the Copley property. A total of $4 million in exploration expenditures and C$400,000 in cash payments must be incurred and made over a four-year period for Centerra to earn a 70% interest. The Company received the initial cash payment of $50,000 upon signing. The first year requires a work expenditure with a minimum commitment of $250,000. Upon the fulfillment of these conditions, the two companies will enter a standard joint venture agreement with the Company retaining a 30% interest, and funding of further work will be done on a pro rata basis amongst the joint venture partners. During the year ended December 31, 2023, the Company received the second anniversary cash payment of $50,000 and during the year ended December 31, 2024, the Company received the third anniversary cash payment of $100,000. Subsequent to December 31, 2024, the Company received option termination notice from Centerra.

Silver Fox – Southern British Columbia

Under the terms of the Underlying Option Agreement, KSI acquired a 100% interest in Silver Fox by issuing 100,000 common shares (completed December 31, 2018) to the Kennedy Group (“Kennedy Group”). The Silver Fox is subject to a 2.0% net smelter returns royalty in favour of the Kennedy Group (the “Underlying Royalty”). The Underlying Royalty is subject to a purchase right in favour of the Company, exercisable by the Company by paying $500,000 for each 0.5% of the Underlying Royalty.

Two Times Fred Properties – Nechako Plateau, British Columbia

The Two Times Fred property was optioned to KSI effective July 1, 2014, pursuant to a grubstake agreement. Total cash payments of $80,000 and an issuance of an aggregate total of 230,000 common shares with a fair value of $64,675 have been made. A cash payment of $5 per metre drilled to a maximum of 100,000 metres. Under the Kennedy grubstake agreement, a 2% NSR exists and can be purchased by the Company for $500,000 per each one-half (0.5%) percentile.

On March 30, 2021, KSI announced an option agreement with a wholly owned subsidiary of Centerra, whereby Centerra is granted an option to earn a 70% interest in the property. A total of C$6 million in exploration expenditures and C$500,000 in cash payments must be incurred and made over a four-year period for Centerra to earn a 70% interest. The first year requires a work expenditure of $1 million with a minimum commitment of $650,000 (completed). During the year ended December 31, 2021 and prior to the Plan of Arrangement, KSI received the initial cash payment of $50,000**.** During the year ended December 31, 2022, $33,978 was paid under the terms of the underlying option agreement, being 6,795.55 metres drilled during 2021 by Centerra and the Company received the first anniversary payment of $75,000 from Centerra. During the year ended December 31, 2023, Centerra terminated its option

5 Exploration and evaluation assets *(continued):*

agreement on the project.

The Fox – Nechako Plateau, British Columbia

On March 1, 2011, KSI optioned the Fox property. KSI made total cash payments of $80,000; issued an aggregate total of 130,000 common shares with a fair value of $69,965 and if applicable make a cash payment of $5 per metre drilled to a maximum of 100,000 metres. Under the option agreement, a 2% NSR exists and can be purchased by KRI for $500,000 per each one-half (0.5%) percentile.

On May 15, 2024, the Company entered into a letter of intent ("LOI") with Rokmaster Resources Corp. Fox-Coconut and Mystery Properties (the "Properties"), which are both located in the Nechako Plateau of British Columbia. The LOI outlines the terms to be set out in an option agreement (the "Option Agreement") for RKR to be granted an option to acquire a 60% in the Properties by:

- Incurring $142,000 of exploration work on the Properties prior to September 18, 2024;
- Commencing on the first anniversary date of the Option Agreement, issuing to the Company 500,000 common shares of RKR each year on or before each of the first, second, third and fourth anniversary dates of the Option Agreement; and
- On or prior to the fourth anniversary date of the Option Agreement, RKR having completed a total of 10,000 metres of diamond drilling on any or all of the Properties.

Once RKR has acquired the initial 60% interest, (the "Initial Interest"), the Company will grant RKR an exclusive option (the "Second Option") to acquire the remaining 40% interest in the Properties (the "Second Interest") by issuing an additional 5,000,000 common shares of RKR to the Company within 60 days of having acquired the Initial Interest.

Upon RKR acquiring the Second Interest, RKR would grant the Company a 1.5% net smelter returns royalty (the "Royalty") in respect of the Mystery and Coconut group of mining claims. The Fox group of mineral claims have an existing underlying 2% net smelter returns royalty (the "Underlying Royalty"), and the Company has the right to buy back the entirety of such Underlying Royalty at any time at a price of $500,000 per 0.5% (the "Buy Back Right"). Should the Company buy back the entirety of such Underlying Royalty within 90 days after the date of the commencement of commercial production on the Fox group of claims, then RKR would also grant the Company the Royalty on such claims. If the Company does not exercise the Buy Back Right, then the Company would transfer the Buy Back Right to RKR.

Meachen Bend Project – British Columbia

On October 29, 2018, the Company announced it had entered an option agreement to acquire a 100% interest in the Meachen Bend Project (the "Meachen Property"). Pursuant to the terms of the option agreement, KSI must issue 500,000 common shares and staged cash payments totaling $100,000 over 4 years upon receipt of TSXV approval. KSI has made a cash payments of $65,000 and issued 150,000 shares with a fair value of $26,750. Following completion of the Acquisition, the Kennedy Group will retain an underlying 1.5% net smelter returns royalty, of which, one-half percent (0.5%) can be purchased by the Company, for $500,000.

Moyie Anticline Project – British Columbia

Pursuant to the terms of the option agreement, the KSI must issue 100,000 common shares for each of the six properties for an aggregate total of 600,000 common shares by June 16, 2023. Following completion of the

5 Exploration and evaluation assets *(continued)*:

Acquisition, the Kennedy Group will retain an underlying 2% net smelter returns royalty, of which, one and one-half percent (1.5%) can be purchased by the Company, for $3,000,000. Pursuant to the spin out of assets into KRI, KRI is negotiating that going forward shares of KRI will be paid on a pro rata basis of one KRI for each 6 KSI under this option agreement. During the year ended December 31, 2023 KRI issued 3,600,000 common shares with a fair value of $360,000o acquire the 100% undivided ownership.

Walter the Water Buffalo Property – Nechako Region, British Columbia

On June 30, 2015, pursuant to a grubstake agreement, KSI optioned the Walter the Water Buffalo property located in the Nechako region of Central British Columbia. The property is comprised of 4 tenures totaling 1,765.71 hectares. To maintain its option, the KSI issued an aggregate total of 100,000 common shares with a fair value of $22,750. Under the Kennedy grubstake agreement, a 2% NSR exists and can be purchased by KRI for $500,000 per each one-half (0.5%) percentile.

On June 27, 2022, the Company signed an option agreement with a wholly owned subsidiary of Centerra, whereby Centerra is granted an option to earn a 70% interest in the property. A total of C$500,000 in exploration expenditures and $105,000 in cash payments must be incurred and made over a four-year period for Centerra to earn a 70% interest. The Company received the initial cash payment of $5,000 upon signing. The first year requires a work expenditure with a minimum commitment of $55,000. Upon the fulfillment of these conditions, the two companies will enter a standard joint venture agreement with the Company retaining a 30% interest, and funding of further work will be done on a pro rata basis amongst the joint venture partners. During the year ended December 31, 2023, the Company received the first anniversary cash payment of $10,000 and during the year ended December 31, 2024, the Company received the second anniversary cash payment of $10,000. The excess of carrying value has been recorded as income for the year ended December 31, 2023 and 2024.

Property Investigation and Impairment

During the year ended December 31, 2024 the Company expended $3,172 (2023- $Nil) related to other property investigation expense. Once the Company has made its evaluations, the properties will either be abandoned or acquired.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, 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.

6 Share Capital and Reserves:

Authorized:
The authorized share capital is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued:
All issued shares, consisting of only common shares are fully paid. There were 38,233,539 (2023 – 34,137,906) fully paid common shares on issue as at December 31, 2024.

(Expressed in Canadian dollars)

6 Share Capital and Reserves *(continued):*

Year ended December 31, 2024

On April 26, 2024, the Company closed the previously announced non-brokered private placement (the “Offering”) for aggregate gross proceeds of $473,095 The Offering consisted of:

- 2,825,000 non-flow-through units (the “NFT Units”) at a price of $0.10 per NFT Unit for aggregate gross proceeds of $282,500. Each NFT Unit is comprised of one non-flow-through common share (a “Common Share”) of the Company and one-half of one Common Share purchase warrant (a “Warrant”); and

- 1,270,633 flow-through units (the “FT Units”) at a price of $0.15 per FT Unit for aggregate gross proceeds of $190,595. Each FT Unit is comprised of one “flow-through” common share (as defined under the *Income Tax Act* (Canada)) and one-half of one Warrant.

Each whole Warrant is exercisable to acquire one Common Share (a “Warrant Share”) with 1,412,500 warrants at a price of $0.15 expiring October 26, 2025 and 635,316 at a price of $0.20 expiring on April 26, 2025. The net proceeds from the Offering will be used for the development of the Company's Moyie Anticline Project, early-stage Nechako portfolio of gold-silver exploration projects and other resource properties (eligible for "Canadian exploration expenses, which are flow-through mining expenditures) and general working capital requirements. A flow through share premium of $47,545 was recognized related to the closing of the flow through share subscriptions.

On October 17, 2024, the Company announced a non-brokered private placement for aggregate gross proceeds of $200,000. Under the private placement, the Company will offer, non-flow-through common shares of units of the Company (each, a “Unit”) at a price of $0.075 per Unit and flow-through common shares of units of the Company (each, a “FT Unit”) at a price of $0.10 per FT Unit. The Company is committed to incur a total of $190,595 of qualifying Canadian Exploration Expenses (“CEE”) on or before December 31, 2024. As at December 31, 2024, the Company has spent $190,595 in qualifying CEE. As at December 31, 2024, the Company had received subscriptions total $57,626, which is recorded as equity. The private placement is expected to close in early May 2025.

Year ended December 31, 2023

During the year ended December 31, 2023, the Company issued 3,600,000 common shares to exercise the Moyie Anticline Project agreement and 2,232,536 common shares pursuant to the settlement of debt with Kootenay Silver Inc. both at a price of $0.10 per share. During the year ended December 31, 2023, the Company recognized flow-through share premium of $133,350 on flow-through shares issued in 2022.

Options and Warrants:

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2022	-	$ -	7,230,000	$ 0.0013
Granted	-	-	-	-
Cancelled	-	-	(7,230,000)	0.0013
Outstanding, December 31, 2023	-	-	-	-
Granted	2,047,816	$ 0.17		
Outstanding, December 31, 2024	**2,047,816**	**$ 0.17**	**-**	**$ -**

(Expressed in Canadian dollars)

6 Share Capital and Reserves *(continued):*

Options

Stock options were issued pursuant to the Arrangement (see Note 1) (the "Spinout Options"). No material value was determined in relation to the Spinout Options. Following the Arrangement, the Spinout Options totalling 14,225,000 were issued and exercisable into 569,000 common shares of the Company with identical remaining lives and vesting terms to the original KSI options.

As at December 31, 2024 and 2023, no options were outstanding. The Company has adopted an incentive stock option plan pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time.

Warrants

As at December 31, 2024, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
1,412,500	$ 0.15	October 26, 2025
635,316	0.20	April 26, 2025
2,047,816		

The weighted average remaining life of the outstanding warrants is 0.66 years. The fair value of warrants is estimated using the Black Scholes option-pricing model. Warrants are included in reserves until exercised, at which time they are transferred into share capital.

The following assumptions were used for the Black-Scholes valuation of warrants for the period ended December 31, 2024:

	2024
Risk-free interest rate	**4.38%**
Expected life of warrants	**12-18 months**
Annualized volatility	**112%**
Dividend rate	**0.00%**

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

Loss per share

The calculation of basic loss per share for the year ended December 31, 2024 was based on the loss of $160,018 (2023 - $295,968), and the weighted average number of common shares outstanding of 36,924,279 (2023 – 31,053,853), respectively. The Company does not have any instruments that would give rise to a dilution effect for the years ended December 31, 2024 and 2023. As at December 31, 2024, the Company has nil options (2023 – nil) and 2,047,816 warrants (2023 - nil) that are anti-dilutive and thus, not included in diluted loss per share.

(Expressed in Canadian dollars)

7 Receivables:

The Company's receivables are as follows:

		December 31, 2024		December 31, 2023
GST receivable	$	**80,235**	$	47,972
Exploration advances		**23,803**		11,134
Total	$	**104,038**	$	59,106

8 Financial Instruments and Financial Risk Management:

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities, receivables excluding GST receivable, advances and share subscription liabilities. The carrying values of these financial instruments are measured at amortized cost. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions. Accordingly, the Company views credit risk on accounts receivable as minimal.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual work programs, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements.

The Company anticipates it will have adequate liquidity to fund its financial liabilities.

8 Financial Instruments and Financial Risk Management *(continued):*

As at December 31, 2024 and 2023, the Company's liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian dollar, the United States dollar. The Company's transactions are denominated in Canadian dollars. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars will be exchanged when needed to meet any foreign denominated liabilities. No significant currency risk is anticipated as the Company's projects are in Canada.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices. Currently there is no exposure risk.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's consolidated financial statements.

d) Fair value of financial instruments

All financial instruments carrying value approximate the FV.

(Expressed in Canadian dollars)

9 Capital Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company's capital structure includes working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing, Schedule 1 bank accounts and highly liquid short-term interest-bearing investments, with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management since its inception.

10 Income Taxes:

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The difference between the "expected" income tax expense and the actual income tax provision is summarized as follows:

	December 31, 2024	December 31, 2023
Loss before income taxes	**$ 160,018**	$ 295,968
Canadian statutory income tax rate	**27.0%**	27.0%
Expected income taxes (recovery)	**(43,205)**	(79,911)
Non-deductible items for tax purposes and other	**14,698**	24,762
Share issuance costs	**(10,117)**	-
Tax effect of flow-through share	**38,624**	69,839
Change in deferred tax assets not recognized	**-**	(83,152)
Total income taxes expense (recovery)	**$ -**	$ (68,462)

	December 31, 2024	December 31, 2023

(Expressed in Canadian dollars)

10 Income Taxes *(continued):*

Deferred tax assets		
Non-capital loss carry forwards	**$ 181,372**	$ 130,885
Financing costs	**7,258**	4,612
Deferred tax liabilities		
Exploration and evaluation assets	**(253,518)**	(200,385)
Net deferred tax liability	**$ (64,888)**	$ (64,888)

	December 31, 2024	December 31, 2023
Non-capital loss carry forwards	**$ -**	$ -
Exploration and evaluation assets	**-**	-
Financing costs	**-**	-
Unrecognized deductible temporary differences	**$ -**	$ -

11 Related Party Transactions and Balances*:*

Key management personnel comprise the Company's Board of Directors and executive officers. There was no remuneration of key management personnel during the year ended December 31, 2024 (2023 - $nil).

12 Subsequent Event:

Subsequent to December 31, 2024, the Company received option termination notice from Centerra related to the option agreement for the Copley project dated March 21, 2022.