

KOOTENAY RESOURCES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended

June 30, 2025

and

June 30, 2024

(Unaudited)

(Expressed in Canadian dollars)

Notice of no Auditor review of Interim Financial Statements

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

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

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

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KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars)

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,108	\$ 19,481
Receivables and advances (Note 7)	99,546	104,038
Prepaid expenses	617	211
	115,271	123,730
Non-current assets:		
Fixed assets (Note 4)	5,621	6,613
Exploration advances and reclamation deposits	76,150	76,150
Exploration and evaluation assets (Note 5)	4,474,669	4,456,839
	4,556,440	4,539,602
Total assets	\$ 4,671,711	\$ 4,663,332
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 249,891	\$ 207,933
	249,891	207,933
Non-current liabilities:		
Deferred tax liability	64,888	64,888
	64,888	64,888
Total liabilities	\$ 314,779	\$ 272,821
Shareholders' equity:		
Share capital (Note 6)	5,006,707	4,997,707
Reserves	75,985	75,985
Deficit	(725,760)	(683,181)
	4,356,932	4,390,511
Total liabilities and shareholders' equity	\$ 4,671,711	\$ 4,663,332

Nature of Operations and Going Concern (Note 1)

Subsequent event (Note 11)

Approved on Behalf of the Board:

"Raj Kang"
Director

"James McDonald"
Director

- See Accompanying Notes -

KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
General and administrative expenses				
Depreciation (Note 4)	\$ 496	\$ 708	\$ 992	\$ 1,417
Office and general	19,272	17,882	36,326	36,177
Professional fees	6,195	2,450	7,871	2,450
Rent	9,934	11,500	19,868	21,250
Regulatory and filing fees	7,028	26,295	16,303	29,802
Loss before exploration and other items	42,925	58,835	81,360	91,096
Exploration				
Mineral property investigation (Note 5)	-	3,172	-	3,172
	-	3,172	-	3,172
Other items				
Other income (Note 5)	(38,781)	-	(38,781)	-
	(38,781)	-	(38,781)	-
Loss and comprehensive loss for the period	\$ 4,144	\$ 62,007	\$ 42,579	\$ 94,268
Basic and diluted loss per share (Note 6)				
	\$ (0.000)	\$ (0.002)	\$ (0.001)	\$ (0.003)
Weighted average number of shares outstanding				
basic and diluted	38,233,539	37,063,358	38,233,539	35,600,632

- see accompanying notes -

KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Capital Stock	Reserves	Subscription Received in Advance	Deficit	Total Equity
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	355,497	75,985			431,482
Loss for the period	-	-	-	-	(94,268)	(94,268)
Balance, June 30, 2024	38,233,539	\$ 4,992,306	\$ 50,161	\$ 17,000	\$ (617,431)	\$ 4,442,036
Balance, December 31, 2024	38,233,539	\$ 4,948,905	\$ 50,161	\$ 74,626	\$ (683,181)	\$ 4,390,511
Shares issued, net of issuance costs		9,000				\$ 9,000
Loss for the period	-	-	-	-	(42,579)	(42,579)
Balance, June 30, 2025	38,233,539	\$ 4,957,905	\$ 50,161	\$ 74,626	\$ (725,760)	\$ 4,356,932

- see accompanying notes -

KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash flows from operating activities				
Loss for the period	\$ (4,144)	\$ (62,007)	\$ (42,579)	\$ (94,268)
Add items not involving cash:				
Depreciation	496	709	992	1,417
	(3,648)	(61,298)	(41,587)	(92,851)
Changes in non-cash working capital balances:				
Receivable and advances	(7,757)	(12,783)	4,492	(13,852)
Prepaid expenses	(617)	(144)	(406)	345
Accounts payable and accrued liabilities	28,186	(8,568)	41,958	(305)
	16,164	(82,793)	4,457	(106,663)
Cash flows from financing activities				
Net proceeds from private placement net of issuance costs (Note 6)	9,000	431,482	9,000	431,482
	9,000	431,482	9,000	431,482
Cash flows from investing activities				
Receipt of mineral property payment (Note 5)	-	-	-	100,000
Exploration Advance	-	12,000	-	12,000
Investment in exploration and evaluation assets (Note 5)	(10,483)	(71,570)	(17,830)	(74,903)
	(10,483)	(59,570)	(17,830)	37,097
Net change in cash and cash equivalents during the period	14,681	289,119	(4,373)	361,916
Cash and cash equivalents, beginning of the period	427	88,196	19,481	15,399
Cash and cash equivalents, end of the period	\$ 15,108	\$ 377,315	\$ 15,108	\$ 377,315

- see accompanying notes -

KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

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. The Company is a private issuer.

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").

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.

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.

KOOTENAY RESOURCES INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

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 August 29, 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.

3 Material Accounting Policies:

The significant accounting policies and critical accounting estimate and judgements made by management applied in the preparation of these consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2024. These consolidated interim statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

4 Fixed Assets:

	Vehicle	Equipment	Total
Cost			
Balance December 31, 2023	\$ 1,119	\$ 19,537	\$ 20,656
Addition	-	-	-
Balance December 31, 2024	1,119	19,537	20,656
Addition	-	-	-
Balance June 30, 2025	\$ 1,119	\$ 19,537	\$ 20,656
Accumulated Depreciation			
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
Depreciation for the period	54	938	992
Balance June 30, 2025	\$ 815	\$ 14,220	\$ 15,035
Carrying value			
December 31, 2024	\$ 358	\$ 6,255	\$ 6,613
Carrying value			
June 30, 2025	\$ 304	\$ 5,317	\$ 5,621

KOOTENAY RESOURCES INC.
(Unaudited - Expressed in Canadian dollars)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2025 and 2024

5 Exploration and evaluation assets:

	CANADA									June 30, 2025	Dec 31, 2024
	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	1,289,714
Incurred	-	-	-	-	-	-	-	-	-	-	-
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	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
Assaying and Lab	-	-	-	-	-	-	-	-	-	-	3,288
Camp Costs	-	-	-	-	-	-	-	-	-	-	-
Drafting	1,425	-	-	-	-	2,850	-	-	-	4,275	31,712
Drilling	-	-	225	900	-	-	-	-	-	1,125	4,500
Geological mapping	126	-	-	-	-	-	-	-	375	501	194,096
Geophysics	-	-	-	-	-	-	-	-	-	-	11,473
Maintenance	1,296	-	-	-	-	400	-	-	3,900	5,596	22,074
Miscellaneous	-	-	-	-	-	-	-	-	-	-	540
Geological Consulting and Prospecting	-	-	-	-	-	6,333	-	-	-	6,333	134,644
Rock Sampling	-	-	-	-	-	-	-	-	-	-	-
Incurred	2,847	-	225	900	-	9,583	-	-	4,275	17,830	402,327
Balance, ending	1,187,631	141,553	445,402	767,191	132,080	1,126,190	158,761	1,838,914	1,966,723	7,764,446	7,746,616
Total properties balance	1,597,509	304,854	590,077	928,644	282,045	1,126,190	181,511	1,898,164	2,145,166	9,054,160	9,036,330
Balance, beginning	-	(33,053)	(269,567)	(740,650)	(65,192)	(454,542)	(181,511)	(1,368,003)	(1,466,973)	(4,579,491)	(4,479,491)
Cost recovery / Impairment	-	-	-	-	-	-	-	-	-	-	634
Option payment received	-	-	-	-	-	-	-	-	-	-	(100,634)
Carrying value mineral properties	1,597,509	271,801	320,510	187,994	216,853	671,647	-	530,161	678,193	4,474,669	4,456,839

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(Unaudited - Expressed in Canadian dollars except share amounts)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

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 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 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. During the six months ended June 30, 2025, 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 \$58,425 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 required 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, 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 agreement on the project.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

5 Exploration and evaluation assets *(continued)*:

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 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

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

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 \$360,000 to 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 six months ended June 30, 2025 and year ended December 31, 2024.

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 fully paid common shares on issue as at June 30, 2025.

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 \$473,094.95. 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 \$190,594.95. 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

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

6 Share Capital and Reserves (continued):

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.

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, 2023	-	\$ -	-	\$ -
Granted	2,047,816	0.17	-	-
Outstanding, December 31, 2024	2,047,816	\$ 0.17	-	-
Granted	-	-	-	-
Expired	(635,316)	0.20	-	-
Outstanding, June 30, 2025	1,412,500	\$ 0.15	-	\$ -

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 June 30, 2025, 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 to 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 June 30, 2025, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

6 Share Capital and Reserves (continued):

	Number of Warrants	Exercise Price	Expiry Date
	1,412,500	0.15	October 26, 2025
	1,412,500		

The weighted average remaining life of the outstanding warrants is 0.32 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 six months ended June 30, 2025 and for the year ended December 31, 2024:

	2025	2024
Risk-free interest rate	-	4.38%
Expected life of warrants	-	18 months
Fair value per warrant issued	-	\$0.04
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 June 30, 2025 was based on the loss of \$42,579 (2024 - \$94,268), and the weighted average number of common shares outstanding of 38,233,539 (2024 - 35,600,632), respectively. The Company does not have any instruments that would give rise to a dilution effect as of June 30, 2025. As at June 30, 2025, the Company has nil options (2024-nil) and 1,412,500 warrants (2024 - 2,047,816) that are anti-dilutive and thus, not included in diluted loss per share.

7 Receivables:

The Company's receivables are as follows:

		June 30, 2025	December 31, 2024
GST receivable	\$	89,546	\$ 80,235
Exploration advances		10,000	23,803
Total	\$	99,546	\$ 104,038

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

8 Financial Instruments and Financial Risk Management:

The Company's financial instruments include cash and cash equivalents, accounts payable, receivables and advances and accrued 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.

As at June 30, 2025 and December 31, 2024, 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

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

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

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.

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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS June 30, 2025 and 2024

10 Related Party Transactions and Balances:

- a) Key management personnel comprise the Company's Board of Directors and executive officers. There was no remuneration of key management personnel during the six months ended June 30, 2025 (2024 - \$nil).

11 Subsequent Event:

On July 31, 2025, the Company announced the repricing of its previously announced non-brokered private placement (the "Private Placement") (see news release dated June 13, 2025). A non-brokered private placement for aggregate gross proceeds of up to \$200,000. The Private Placement will consist of a combination of non-flow-through and flow-through common shares.

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 \$0.05 per Unit and flow-through common shares of units of the Company (each, a "FT Unit") at a price of \$0.055 per FT Unit, raising aggregate combined gross proceeds of up to \$200,000. Proceeds received from the Private Placement will be used for the development of the Company's Moyie Anticline Project, other resource properties (eligible for "Canadian exploration expenses, which are flow-through mining expenditures) and general working capital requirements.

Each Unit shall be comprised of one common share of the Company (a "Common Share") and one-Common Share purchase warrant of the Company ("Warrant"). Each Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of \$0.12 for a period of 5 years from the closing of the Private Placement.

Each FT Unit shall be comprised of one common share of the Company (a "FT Common Share") and of one Non flow-through Common Share purchase warrant of the Company, a "NFT Warrant"). Each NFT Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of \$0.15 for a period of 5 years from the closing of the Private Placement.