NORTHERNSHIELD
RESOURCES INC.

(An Exploration Stage Company)

Annual Consolidated Financial Statements

For the years ended December 31, 2025, and 2024
(All amounts in Canadian Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Northern Shield Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Northern Shield Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, 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 material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $693,230 during the year ended December 31, 2025 and, as of that date, the Company's accumulated deficit was $37,049,821. As stated in Note 1, these events and 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 3 to the consolidated financial statements, the carrying amount of the Company's E&E Asset was $3,154,813 as of December 31, 2025. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the Company's E&E Asset is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Asset, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Company's E&E Asset through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Asset are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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 Consolidated Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Carmen Newnham.

Davidson & Company LLP

Chartered Professional Accountants
Licensed Public Accountants

Vancouver, Canada

April 29, 2026

NORTHERNSHIELD
RESOURCES INC.

Audited Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

All amounts in Canadian Dollars

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NORTHERN SHIELD RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(in Canadian Dollars)

		2025		2024
CURRENT ASSETS				
Cash	**$**	**784,654**	$	386,939
Amounts receivable		**50,274**		46,819
Subscriptions receivable (Note 6)		**75,000**		-
Prepaid expenses		**111,995**		68,847
		1,021,923		502,605
NON-CURRENT ASSETS				
Investment in shares		**833**		833
Exploration and evaluation assets (Note 3)		**3,154,813**		2,438,927
Property and equipment (Note 4)		**26,757**		32,914
TOTAL ASSETS	**$**	**4,204,326**	$	2,975,279
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	**$**	**427,088**	$	449,168
Share subscription deposit		**-**		100,000
Deferred flow-through share premium liability (Note 5)		**84,181**		122,411
		511,269		671,579
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		**35,883,888**		33,918,739
Reserves		**4,858,990**		4,741,552
Deficit		**(37,049,821)**		(36,356,591)
		3,693,057		2,303,700
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**4,204,326**	$	2,975,279

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

APPROVED BY THE BOARD

/s/ Ian C. Bliss
Director

/s/ Russell M. Richards
Director

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

NORTHERN SHIELD RESOURCES INC.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2025 and 2024

(in Canadian Dollars)

		2025		2024
Expenses				
Property write-downs (Note 3)	**$**	**15,600**	$	3,415,970
General and administrative (Note 8)		**835,234**		591,978
		(850,834)		(4,007,948)
Government assistance (Note 10)		**691**		673,815
Recognition of flow-through share premium liability (Note 5)		**156,913**		59,765
Interest income		**-**		86,505
LOSS AND COMPREHENSIVE LOSS	**$**	**(693,230)**	$	(3,187,863)
Weighted average common shares outstanding - basic and diluted		**110,862,668**		83,938,612
Basic and diluted loss per share (Note 7)	**$**	**(0.01)**	$	(0.04)

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

NORTHERN SHIELD RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2025 and 2024
(in Canadian Dollars)

	Share Capital (Note 6)		Reserves			
	Number of Shares	Amount	Share-based Payments	Warrants	Deficit	**Total**
		$	$	$	$	**$**
Balance at January 1, 2024	**83,264,091**	**33,629,460**	**4,667,523**	**73,652**	**(33,168,728)**	**5,201,907**
Shares issued for property option	100,000	4,000	-	-	-	**4,000**
Shares issued by flow-through share placement	8,000,000	400,000	-	-	-	**400,000**
Flow-through share premium liability	-	(80,000)	-	-	-	**(80,000)**
Share issue costs	-	(37,179)	-	2,835	-	**(34,344)**
Expiry of warrants	-	2,458	-	(2,458)	-	**-**
Loss for the year	-	-	-	-	(3,187,863)	**(3,187,863)**
Balance at December 31, 2024	**91,364,091**	**33,918,739**	**4,667,523**	**74,029**	**(36,356,591)**	**2,303,700**
Shares issued for cash	24,025,000	1,033,000	-	-	-	**1,033,000**
Shares issued by flow-through share placement	19,186,510	1,032,508	-	-	-	**1,032,508**
Shares issued upon exercise of warrants	750,000	75,000	-	-	-	**75,000**
Flow-through share premium liability	-	(118,683)	-	-	-	**(118,683)**
Share issue costs	-	(127,870)	-	22,177	-	**(105,693)**
Expiry of warrants	-	71,194	-	(71,194)	-	**-**
Share-based compensation	-	-	166,455	-	-	**166,455**
Loss for the year	-	-	-	-	(693,230)	**(693,230)**
Balance at December 31, 2025	**135,325,601**	**35,883,888**	**4,833,978**	**25,012**	**(37,049,821)**	**3,693,057**

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

NORTHERN SHIELD RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
for the years ended December 31, 2024 and 2023
(in Canadian Dollars)

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss for the year	**$ (693,230)**	$ (3,187,863)
Items not affecting cash		
Amortization - administrative	**2,692**	3,350
Share-based compensation	**166,455**	-
Recognition of flow-through share premium liability	**(156,913)**	(59,765)
Property write-downs	**15,600**	3,415,970
Changes in non-cash operating working capital items:		
Amounts receivable	**(3,455)**	34,426
Prepaid expenses	**(43,148)**	31,022
Accounts payable and accrued liabilities	**(39,120)**	(133,012)
	(751,119)	104,128
INVESTING		
Expenditures on exploration and evaluation assets	**(716,566)**	(360,444)
Government assistance	**-**	20,031
	(716,566)	(340,413)
FINANCING		
Issuance of share capital, net of issuance costs	**1,865,400**	347,692
Share subscription deposit	**-**	100,000
	1,865,400	447,692
NET CASH OUTFLOW	**397,715**	211,407
CASH, BEGINNING OF YEAR	**386,939**	175,532
CASH, END OF YEAR	**$ 784,654**	$ 386,939
Supplemental disclosure to cash flow:		
Shares issued for mineral properties	**$ -**	$ 4,000
Warrant value transferred on expiry to share capital	**71,194**	2,458
Amortization included in exploration and evaluation expenditures	**3,465**	4,253
Finders warrants issued	**22,177**	2,835
Share issue costs in accounts payable	**7,848**	2,263
Exploration and evaluation costs in accounts payable	**12,579**	1,124
Flow-through share premium liability additions	**118,683**	80,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Shield Resources Inc. (the "Company" or "Northern Shield"), an exploration and evaluation stage company, incorporated under the *Canada Business Corporations Act*, is a natural resource company engaged in the business of identifying, acquiring, and exploring mineral properties located primarily in Eastern Canada.

The Company's head office is at 150 Elgin St, 10th Floor, Ottawa, Ontario. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol NRN.

The Company has not yet determined whether any of their properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development of the properties, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

As Northern Shield does not have an interest in revenue-producing properties, the Company has no operating income or earnings and, as such, its net loss may not be a meaningful indicator of its performance or potential. Exploration activities and the Company's expenses are financed by the periodic issuance of common shares and other equity securities.

Going concern

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2025, the Company had accumulated losses of $37,049,821 and for the year then ended had incurred a loss of $693,230 and had negative operating cash flows of $751,119.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise additional financing. Should this financing not materialize and profitable operations ultimately not be attained, the business and future success will be adversely affected. Actual realization values may be substantially different from carrying values as shown in the consolidated financial statements and the Company's ability to discharge its liabilities in the normal course of business may be in doubt should the Company be unable to continue as a going concern.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These consolidated financial statements ("Financial Statements") have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

The Board of Directors authorized these Financial Statements for issue on April 29, 2026.

Basis of Preparation

These Financial Statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

The policies applied in these Financial Statements are based on IFRS Accounting Standards issued and effective for the year ending December 31, 2025.

Basis of Consolidation

These Financial Statements include the accounts of the Company and its wholly owned Canadian subsidiary, Seabourne Resources Inc. ("Seabourne"). All intercompany balances and transactions are eliminated upon consolidation.

Functional Currency and Foreign Currency Translation

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company, and its subsidiary, is also the Canadian dollar. The functional currency was determined through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All gains and losses on translation of these foreign currency transactions are included in foreign exchange loss (gain) in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of amounts receivable and debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets/liabilities	Classification IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Investment in shares	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets at amortized cost

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligation under the financial liabilities is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is generally recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of Non-Financial Assets

Non-financial assets, including E&E assets and property and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than the carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in profit or loss for the period.

Exploration and Evaluation

The Company is in the exploration stage with respect to its investment in mineral properties and is capitalizing all costs relating to the acquisition of and exploration for mineral claims and crediting all sale proceeds received against the cost of the related claims. If proceeds exceed capitalized costs, any excess is recorded as deferred exploration funding. Such costs include, but not are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Exploration and evaluation ("E&E") assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount and when the Company has sufficient information to reach a conclusion about technical feasibility and commercial viability.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Consistent with IFRS 6, industry-specific indicators for an impairment review arise typically when any of the following circumstances applies:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be fully recovered from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Income Taxes

Current income taxes are based on taxable profit (loss) for the year. Taxable profit (loss) differs from profit (loss) as reported in the consolidated statement of comprehensive income/loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income taxes are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit (loss). Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Share-Based Compensation Transactions

The stock option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. The fair value is measured at the grant date, and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued.

Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Any material costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, will be provided for and capitalized to the carrying amount of the asset, along with a corresponding liability when any obligation to incur such costs arises. The unwinding of any value of discount will be recognized as an interest expense.

The Company has no material restoration, rehabilitation, and environmental obligations, as the disturbance to date is minimal.

Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the market price of the shares and the amount the investor pays for the shares. A deferred flow-through share premium liability is recognized for the difference. The liability is reversed on a pro-rata basis when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income (Loss) Per Share

The Company presents the basic income (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company determines diluted income (loss) per share whereby the dilutive effect on income (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options warrants that would be anti-dilutive.

Government Assistance

Government assistance, consisting of investment tax credits and grants is recorded as a reduction of the related expense over the period in which the related expense occurs, or is recorded as a reduction of the cost of the asset acquired. Any balance is recorded as an Other income item. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Investment tax credits are recorded when there is reasonable assurance that they will be realized.

Use of Estimates and Judgments

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

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

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

<u>Impairment</u>
Assets, especially exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

All amounts in Canadian Dollars

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Accounting Standards Issued for But Not Yet Effective

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its consolidated financial statements.

3. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the exploration expenditures incurred on each of the Company's mineral properties:

	Idefix	Shot Rock	Root&Cellar	Total
Percent Ownership	*100%*	*88.6%*	*100%*	
At December 31, 2023	**$ 20,031**	**$ 3,401,090**	**$ 2,199,413**	**$ 5,620,534**
Expenditures				
Acquisition	-	-	86,724	**86,724**
Exploration	-	14,880	152,790	**167,670**
Total Expenditures	-	14,880	239,514	**254,394**
Government assistance	(20,031)	-	-	**(20,031)**
Property write-down	-	(3,415,970)	-	**(3,415,970)**
At December 31, 2024	**$ -**	**$ -**	**$ 2,438,927**	**$ 2,438,927**
Expenditures				
Acquisition	4,915	-	210	**5,125**
Exploration	-	15,600	710,761	**726,361**
Total Expenditures	4,915	15,600	710,971	**731,486**
Property write-down	-	(15,600)	-	**(15,600)**
At December 31, 2025	**$ 4,915**	**$ -**	**$ 3,149,898**	**$ 3,154,813**

3. EXPLORATION AND EVALUATION ASSETS (continued)

Idefix

The Company holds a 100% interest in the Idefix property.

Shot Rock

During the year ended December 31, 2017, the Company entered into a property exploration option agreement with a prospector that gave the Company the right to acquire up to an 80% interest in the Shot Rock property in Nova Scotia. As at December 31, 2022, the Company had earned its 80% interest by making total cash payments of $100,000, issuing the prospector 230,000 common shares and incurring $2,000,000 in exploration expenditures.

The prospector will retain a 1% net smelter returns royalty ("NSR") of which half (0.5%) can be bought back by the Company for $1,000,000.

During the year ended December 31, 2025, the Company incurred $15,600 (2024 - $14,480) in exploration expenditures. During the year ended December 31, 2024, the Company decided not to pursue any further exploration on the property and wrote off costs totaling $3,415,970. During the year ended December 31, 2025, the property remained impaired and the Company wrote off costs totaling $15,600.

Root & Cellar

During the year ended December 31, 2019, the Company entered into a property exploration option agreement with a prospector that gives the Company the right to acquire up to an 100% interest in the Root & Cellar property in Newfoundland by making total cash payments of $165,000, issuing the prospector 2,200,000 common shares and incurring $2,150,000 in exploration expenditures.

During the year ended December 31, 2024, the Company finished satisfying the requirements of the agreement and now holds a 100% interest in the property. The prospector retains a 2.5% NSR of which 1.0% may be bought back by the Company for $1,500,000.

All amounts in Canadian Dollars

4. PROPERTY AND EQUIPMENT

	Field Equipment	Furniture/ Fixtures	Office Equipment	Computer Software	Total
Cost					
December 31, 2023	$ 223,438	$ 27,941	$ 143,038	$ 45,658	**$ 440,075**
December 31, 2024	223,438	27,941	143,038	45,658	**440,075**
December 31, 2025	$ 223,438	$ 27,941	$ 143,038	$ 45,658	**$ 440,075**
Accumulated Amortization					
December 31, 2023	$ (200,510)	$ (27,941)	$ (125,821)	$ (45,286)	**$ (399,558)**
Amortization	(4,253)	-	(3,195)	(155)	**(7,603)**
December 31, 2024	(204,763)	(27,941)	(129,016)	(45,441)	**(407,161)**
Amortization	(3,465)	-	(2,602)	(90)	**(6,157)**
December 31, 2025	$ (208,228)	$ (27,941)	$ (131,618)	$ (45,531)	**$ (413,318)**
Carrying Values					
December 31, 2024	$ 18,675	$ -	$ 14,022	$ 217	**$ 32,914**
December 31, 2025	$ 15,210	$ -	$ 11,420	$ 127	**$ 26,757**

Amortization of exploration-related assets in the amount of $3,465 was allocated to exploration and evaluation assets during the year ended December 31, 2025 (2024 - $4,253).

5. DEFERRED FLOW-THROUGH SHARE PREMIUM LIABILITY

This amount represents the deferred flow-through share premium liability recognized on flow-through share issuances that will be recorded as other income as the flow-through funds raised are expended on exploration.

The following is a continuity of the flow-through share premium liability:

Balance at December 31, 2023	**$ 102,176**
Additions to flow-through share premium liability	80,000
Settlement of liability through qualified expenditures	(59,765)
Balance at December 31, 2024	**122,411**
Additions to flow-through share premium liability	118,683
Settlement of liability through qualified expenditures	(156,916)
Balance at December 31, 2025	**$ 84,181**

As at December 31, 2025, the Company is obligated to spend approximately $788,000 (2024 - $594,000) on qualifying expenditures related to its flow-through shares issuances.

6. SHARE CAPITAL

Authorized and Issued

An unlimited number of voting common shares are authorized for issue and, subject to priority rights of other share classes, are entitled to receive dividends when and if declared by the Board of Directors.

There were 135,325,601 voting common shares issued and outstanding at December 31, 2025 (2024 – 91,364,091).

An unlimited number of preferred shares are authorized for issue in series. There were no preferred shares issued at December 31, 2025 (2024 - nil).

Property Options

During the year ended December 31, 2024, 100,000 shares were issued as consideration for maintaining certain property options. The shares were valued at $4,000.

Private Placements

During the year ended December 31, 2025, the company issued:

- 2,500,000 units at $0.04 per unit for gross proceeds of $100,000. Each unit consisted of one common share and one common share purchase warrant.
- 6,825,000 units at $0.04 per unit for gross proceeds of $273,000. Each unit consisted of one common share and one common share purchase warrant.
- 7,500,000 units at $0.04 per unit for gross proceeds of $300,000. Each unit consisted of one common share and one common share purchase warrant.
- 7,200,000 units at $0.05 per unit for gross proceeds of $360,000. Each unit consisted of one common share and one common share purchase warrant. Of the total proceeds, $75,000 was outstanding as subscriptions receivable as at December 31, 2025.

Flow-Through Private Placements

During the year ended December 31, 2025, the company issued:

- 4,550,000 flow-though share units at $0.05 per unit for gross proceeds of $227,500. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on the date of issuance of $45,500 was recorded as deferred flow-through share premium liability.
- 14,636,510 flow-though share units at $0.055 per unit for gross proceeds of $805,008. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on the date of issuance of $73,183 was recorded as deferred flow-through share premium liability.

6. SHARE CAPITAL (continued)

During the year ended December 31, 2024, the Company issued:

- 8,000,000 flow-through share units at $0.05 per unit for gross proceeds of $400,000. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on date of issuance of $80,000 was recorded as deferred flow-through share premium liability.

Share Issue Costs

During the year ended December 31, 2025, a total of $127,870 of share issue expenses were incurred. This amount included the issuance of 1,355,180 finders warrants with a value of $22,177, estimated using the Black-Scholes option pricing model, with an average estimated volatility of 121%, dividend rate of 0% and risk-free rate of 2.4% and expected life of 1.6 years.

During the year ended December 31, 2024, a total of $37,179 of share issue expenses were incurred. This amount included the issuance of 210,000 finders warrants with a value of $2,835, estimated using the Black-Scholes option pricing model, with an estimated volatility of 107%, dividend rate of 0% and risk-free rate of 0.3% and expected life of 2 years.

Warrants

During the year ended December 31, 2025, a total of 34,973,445 warrants were issued (2024 – 4,210,000) as part of the above-mentioned private placements - including 1,355,190 finders warrants (2024 – 210,000).

During the year ended December 31, 2025, a total of 750,000 warrants were exercised for total proceeds of $75,000.

During the year ended December 31, 2025, 13,710,775 warrants expired (2024 – 350,754) and the aggregate value of the expired warrants of $71,194 (2024 - $2,458) was transferred to share capital.

All amounts in Canadian Dollars

6. SHARE CAPITAL (continued)

The following continuity summarizes the Company's outstanding warrants over the periods covered by these Financial Statements:

	Quantity	Weighted Average Exercise Price
Balance, January 1, 2024	**17,823,837**	**$ 0.12**
Issued	4,210,000	0.11
Expired	(350,754)	**0.13**
Balance, December 31, 2024	**21,683,083**	**0.12**
Issued	34,973,445	0.09
Exercised	(750,000)	0.10
Expired	(13,710,775)	0.13
Balance, December 31, 2025	**42,195,753**	**$ 0.09**

Additional information regarding warrants outstanding as at December 31, 2025:

Issue Date	Exercise Price	Quantity	Expiry Date
March 22, 2023	$ 0.10	1,250,000	March 22, 2026
March 22, 2023	$ 0.10	70,000	March 22, 2026
April 8, 2023	$ 0.10	1,500,000	April 8, 2026
April 8, 2023	$ 0.125	192,308	April 8, 2026
November 22, 2024	$ 0.11	2,500,000	November 22, 2026
December 20, 2024	$ 0.11	1,710,000	December 20, 2026
January 15, 2025	$ 0.10	2,500,000	January 15, 2027
April 8, 2025	$ 0.10	5,625,000	April 8, 2027
April 8, 2025	$ 0.11	175,000	April 8, 2027
April 17, 2025	$ 0.10	1,200,000	April 17, 2027
April 17, 2025	$ 0.11	2,100,000	April 17, 2027
April 17, 2025	$ 0.10	57,000	April 17, 2027
April 17, 2025	$ 0.11	180,000	April 17, 2027
May 15, 2025	$ 0.10	7,500,000	May 15, 2027
October 28, 2025	$ 0.075	4,545,455	October 28, 2026
October 28, 2025	$ 0.075	545,454	October 28, 2026
October 28, 2025	$ 0.075	6,700,000	October 28, 2028
October 28, 2025	$ 0.075	300,000	October 28, 2028
November 17, 2025	$ 0.075	2,772,800	November 17, 2026
November 17, 2025	$ 0.075	272,736	November 17, 2026
November 17, 2025	$ 0.075	500,000	November 17, 2028
		42,195,753	

All amounts in Canadian Dollars

6. SHARE CAPITAL (continued)

Stock options

The Company has established a Stock Option Plan (the "Plan") to develop the interest and incentive of eligible employees, directors and consultants in the Company's growth and development. The aggregate number of share options which may be issued and outstanding at any time under this plan shall not exceed 10% of the total number of issued and outstanding shares of the Company unless the Company receives the permission of the TSX-V and its shareholders. As at December 31, 2025, 13,532,560 common share options were authorized to be issued and outstanding under the Plan (2024 – 9,136,409). Stock options are granted with an exercise price equal to the underlying common stock's fair value at the time of grant. Once vested, options may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination if the option holder ceases to be a director, officer, employee or consultant of the Company.

The following summarizes the Company's outstanding option obligations over the year covered by these Financial Statements:

	Quantity	Weighted Average Exercise Price
Balance, December 31, 2023	**6,990,000**	**$ 0.16**
Expired	(680,000)	0.50
Balance, December 31, 2024	**6,310,000**	**0.12**
Issued	2,430,000	0.12
Expired	(30,000)	0.50
Balance, December 31, 2025	**8,710,000**	**$ 0.12**

At December 31, 2025, the remaining pool of options available for grant was 4,822,560 (2024 – 2,826,409).

Additional information regarding options outstanding as at December 31, 2025:

Issue Date	Exercise Price	Quantity	Expiry Date	Exercisable
August 8, 2023	$ 0.12	6,280,000	August 8, 2028	6,280,000
June 6, 2025	$ 0.12	2,430,000	June 6, 2030	2,430,000
		8,710,000		**8,710,000**

All amounts in Canadian Dollars

6. SHARE CAPITAL (continued)

Share-based compensation

The Black-Scholes option pricing model, used by the Company to calculate option values, was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's option awards.

These models require subjective assumptions, including future stock price volatility and expected time until exercise, which affect calculated values, summarized in the table below.

Assumptions	**2025**	2024
Lifetime	5 years	N/A
Interest Rate	3.0%	N/A
Annual Volatility	91%	N/A
Dividends	none	N/A

During the year ended December 31, 2025, the Company incurred an expense of $166,455 relating to options granted and vested during the year (2024 – $nil).

7. LOSS PER SHARE

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. As the Company has recorded a loss in each of the years presented, the following table presents the securities excluded from the loss per share computation for the years ended December 31:

	2025	2024
Stock options	**8,710,000**	6,310,000
Stock purchase warrants	**42,195,753**	21,683,083
	50,905,753	27,993,083

All amounts in Canadian Dollars

8. NATURE OF EXPENSES

General and administrative expenses comprised the following during the years ended December 31:

	2025	2024
Remuneration and consulting fees (Note 9)	**$ 234,476**	$ 266,835
Office expenses	**36,280**	39,691
Travel expenses	**62,368**	22,412
Marketing expenses	**127,820**	48,959
Professional fees (Note 9)	**136,400**	147,630
Public company expenses	**41,096**	34,692
Insurance expenses	**27,647**	28,409
Amortization (Note 4)	**2,692**	3,350
	668,779	**591,978**
Share-based compensation (Note 6)	**166,455**	-
	$ 835,234	**$ 591,978**

9. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

The following table presents the compensation earned by key members of management during the years ended December 31, noted below:

	2025	2024
Salaries	**$ 231,933**	$ 231,252
Benefits	**19,822**	13,889
Share-Based Compensation	**152,070**	-
	$ 403,824	$ 245,141

All amounts in Canadian Dollars

9. RELATED PARTY TRANSACTIONS (continued)

The following table presents the professional fees incurred during the years ended December 31, and any amounts owed to at each year end, a law firm at which the Company's corporate secretary is a partner.

	2025	2024
Professional Fees Incurred	**$ 65,749**	$ 40,054
Amounts Owed	**25,113**	5,313

As at December 31, 2025, $282,302 payable to related parties is included in accounts payable and accrued liabilities (2024 - $326,738).

10. GOVERNMENT ASSISTANCE

During the year ended December 31, 2025, $691 of government resource tax credit was received and recorded as other income. During the year ended December 31, 2024, $693,846 was received. Of the 2024 amount received, $20,031 was offset against previously capitalized exploration expenditures. The balance was recorded as other income.

11. INCOME TAXES

Tax reconciliation

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

	2025	2024
Loss for the year	**$ (668,117)**	**$ (3,187,863)**
Expected income tax (recovery)	**$ (177,000)**	**$ (845,000)**
Change in tax rates and other	**(1,000)**	**(5,000)**
Permanent differences	**3,000**	**(181,000)**
Impact of flow-through shares	**222,000**	**44,000**
Share issue costs	**(28,000)**	**(9,000)**
Adjustment to prior years provision versus statutory tax returns	**(14,000)**	**(67,000)**
Expiry of ITC	**-**	**1,000**
Change in unrecognized deductible temporary differences	**(5,000)**	**1,062,000**
Total Income tax expense (recovery)	**$ -**	**$ -**
Current income Tax	**$ -**	$ -
Deferred tax recovery	**$ -**	$ -

All amounts in Canadian Dollars

11. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2025	2024
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 1,821,000	$ 2,037,000
Investment tax credits	615,000	615,000
Share issuance costs	32,000	16,000
Non-capital losses	3,884,000	3,689,000
	6,352,000	6,357,000
Unrecognized deferred tax assets	(6,352,000)	(6,357,000)
Net deferred tax credits	$ -	$ -

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

Temporary Differences	2025	Expiry Dates	2024	Expiry Dates
Share issuance costs	$ 121,000	2046 to 2049	$ 60,000	2045 to 2048
Exploration and evaluation assets	6,870,000	No expiry date	7,687,000	No expiry date
Investment tax credits	837,000	2026 to 2034	837,000	2026 to 2034
Non-capital losses	14,658,000	2027 to 2045	13,921,000	2027 to 2044

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SEGMENT INFORMATION

The Company has one operating segment involved in the exploration of resource properties. All the Company's exploration activities were in Canada.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's income (loss) or the value of its financial instruments.

a) *Commodity price risk*

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

c) Foreign exchange risk

The Company is not exposed to significant foreign exchange risk due to the low volume of foreign currency transactions.

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.

a) Concentration of credit risk

Counterparties expose the Company to credit-related losses in the event of non-performance. By dealing with only creditworthy counterparties, the Company's credit exposure is minimized. There were no amounts due to the Company from non-governmental counterparties at December 31, 2025.

b) Credit risk exposure

The carrying amounts of the cash and amounts receivable represent the maximum exposure to credit risk. The maximum exposure to credit risk at December 31, 2025, was $909,928 (2024 - $433,758). The cash is held by the Company's banks, two of the large Canadian chartered banks. Since the inception of the Company, no losses have been suffered in relation to cash held in the bank. Amounts receivable are due from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company had a cash balance of $784,654. To date, the Company has incurred significant operating losses. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient capital through either revenues or through further financings. The Company is exposed to liquidity risk.

Fair values

a) The fair values of cash, amounts receivable, subscriptions receivable, accounts payable and accrued liabilities, and share subscription deposit are approximately equal to their carrying values due to their short terms to maturity.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Fair value hierarchy

Financial instruments recorded at fair value on the Consolidated Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of the investment in shares is determined based on recent market transactions for similar instruments issued by that company. Investments in shares are level 1 instruments.

14. CAPITAL MANAGEMENT

The Company aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to fund future exploration and maintain the ability to continue as a going concern. Capital is defined as the Company's shareholders' equity. The Company does not have any long-term debt, and the Company does not intend to assume any until any given development project warrants it. The Board of Directors does not establish quantitative capital criteria for management; but rather promotes the use of periodic equity financing events as the primary method of funding administrative operations and exploration and development. Other methods open to management to fund exploration include extending joint venture or earn-in opportunities to other parties relating to specific properties.

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

15. SUBSEQUENT EVENTS

On December 30, 2025, the Company entered into a subscription receipt escrow agreement with an investor whereby the Company issued 16,666,667 subscription receipts for total consideration of $1,000,000. The funds were held in escrow and the release of the funds to the Company was to be conditional upon receipt of the investor's shareholder and required regulatory approvals ("Escrow Conditions").

Upon the satisfaction of the Escrow Conditions, each subscription receipt is automatically exchanged for one Unit of the Company. Each Unit consisted of one common and one common share purchase warrant. Each warrant would entitle the holder to purchase one additional common share at a price of $0.10 for a period of 36 months from the escrow release date.

In March 2026, the Escrow Conditions were satisfied and the $1,000,000 in proceeds was released to the Company. Upon release of the escrowed funds, the subscription receipts were converted into 16,666,667 Units of the Company.

Also subsequent to the year ending December 31, 2025, through map staking, option agreements and property purchases, the Company increased its land position in Newfoundland.

The most significant of these new properties is the Fortune Property composed of two property option agreements (Point Rosie/Feeder Brook and Stewart/Forty Creek), with the remainder having been map staked directly by Northern Shield.

Under the Point Rosie/Feeder Brook Option Agreement, the Company, through its wholly owned subsidiary, Seabourne, acquired the right to earn up to an undivided 100% interest in Point Rose Property. Per the agreement, the Company will issue an aggregate of up to 2,650,000 Common Shares and pay, in aggregate, $153,385 over a four-year period. Subsequent year end, per the terms of the agreement, the Company paid $13,385 in cash and issued 650,000 common shares upon signing.

Under the Stewart/Forty Creek Option Agreement, the Company, through its wholly owned subsidiary, Seabourne, acquired the right to earn up to an undivided 100% interest in Stewart Property. Per the agreement, the Company will issue up to an aggregate of 2,900,000 common shares and pay, in aggregate, $146,755 over a four-year period. Subsequent year end, per the terms of the agreement, the Company paid $6,755 in cash and issued 400,000 common shares upon signing.

Under the Kelstone Purchase Agreement (the "APA"), the Company, through its wholly owned subsidiary, Seabourne, acquired two Mining Claims located near Marystown, Newfoundland in exchange for $1,500 (paid) in aggregate cash consideration and the issuance of 400,000 Common Shares (issued) on signing. Kelstone is now amalgamated into the Root & Cellar Property.

15. SUBSEQUENT EVENTS (continued)

The properties underlying the Definitive Agreements are subject to a royalty in the amount of 2.0% net smelter returns; provided that the Company shall have, under each respective Definitive Agreement, the pre-emptive right at any time and from time to time prior to commencement of commercial production to buy-down the royalty from 2.0% to 1.0% for $1,500,000.

The Company has also acquired 3 claim groups on the Cape St Mary's Peninsula across Placentia Bay from Root & Cellar.