Matachewan Consolidated Mines, Limited

Notice of no Auditor Review – condensed financial statements

THE ACCOMPANYING CONDENSED 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 CONDENSED FINANCIAL STATEMENTS IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS FOR A REVIEW OF CONDENSED FINANCIAL STATEMENTS BY AN ENTITY'S AUDITOR

NOTE TO READER
THESE CONDENSED FINANCIAL STATEMENTS HAVE BEEN REVISED TO COMPLY WITH THE REQUIREMENTS SPECIFIED BY IAS 34 INTERIM FINANCIAL REPORTING FROM INTERNATIONAL REPORTING STANDARDS AS ISSUED BY THE international accounting standards board as it pertains to Note 2 – basis of preparation

Condensed Financial Statements
June 30, 2025

Matachewan Consolidated Mines, Limited
Condensed Statements of Financial Position
(expressed in Canadian dollars)

		As at June 30 2025	As at December 31 2024
Assets			
Current Assets			
Cash		$ 3,825,691	$ 76,147
Marketable securities	(Note 3,6)	8,126,379	8,783,625
Accounts receivable		16,024	27,757
Income taxes receivable		-	61,077
		11,968,094	8,948,606
Non-current Assets			
Investment in other companies	(Note 4,6)	768,610	589,865
Investment in petroleum interests	(Note 6)	1	1
ROU asset	(Note 13)	4,599	18,397
		$ 12,741,304	$ 9,556,869
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		$ 1,105,755	$ 109,190
Lease liability	(Note 13)	2,670	17,658
Income taxes payable	(Note 14)	656,625	-
Loans payable	(Note 9)	-	1,301,860
		1,765,050	1,428,708
Non-current liabilities			
Deferred income tax liability	(Note 14)	156,991	156,991
		1,922,041	1,585,699
Shareholders' Equity			
Share capital	(Note 10)	2,878,391	2,878,391
Contributed surplus	(Note 11, 12)	588,200	588,200
Surplus		7,352,672	4,504,579
		10,819,263	7,971,170
		$ 12,741,304	$ 9,556,869

Subsequent events (Note 15)

Approved on behalf of the Board of Directors:

"R D McCloskey" ***"E G Dumond"***

R D McCloskey, Director **E G Dumond, Director**

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

Matachewan Consolidated Mines, Limited
Condensed Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Surplus	Shareholders' Equity
Balance at December 31, 2024	12,445,025	$ 2,878,391	$ 588,200	$4,504,579	$ 7,971,170
Net income	-	-	-	2,848,093	2,848,093
Balance at June 30, 2025	12,445,025	$ 2,878,391	$ 588,200	$7,352,672	$ 10,819,263
Balance at December 31, 2023	12,445,025	$ 2,878,391	$ 588,200	$2,832,890	$ 6,299,481
Net income	-	-	-	1,682,696	1,682,696
Balance at June 30, 2024	12,445,025	$ 2,878,391	$ 588,200	$4,515,586	$ 7,982,177

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

Matachewan Consolidated Mines, Limited
Condensed Statements of Income and Comprehensive Income
(expressed in Canadian dollars)

		For the three months ended June 30		For the period ended June 30	
		2025	2024	**2025**	2024
Investment income (loss)					
Investment in petroleum interests - net		**$ 1,200**	$ 1,427	**$ 3,786**	$ 3,929
Royalty/option	(Note 7)	**2,700,000**	-	**2,725,000**	25,000
Other income	(Note 8)	**52,252**	50,828	**96,548**	89,680
Realized gain (loss) on sale of investment in other companies and marketable securities		**(31,962)**	118,552	**1,164,126**	118,552
Unrealized appreciation of investment in other companies and marketable securities		**1,108,239**	1,255,381	**689,588**	1,647,419
		3,829,729	1,426,188	**4,679,048**	1,884,580
Expenses					
Administrative		**1,104,143**	95,581	**1,160,532**	188,085
Amortization	(Note 13)	**6,899**	6,899	**13,798**	13,799
		1,111,042	102,480	**1,174,330**	201,884
Income before provision for income taxes		**2,718,687**	1,323,708	**3,504,718**	1,682,696
Provision (recovery) for income taxes					
Current	(Note 14)	**656,625**	-	**656,625**	-
Deferred	(Note 14)	**-**	-	**-**	-
		656,625	-	**656,625**	-
Net income and comprehensive income		**$ 2,062,062**	$ 1,323,708	**$ 2,848,093**	$ 1,682,696
Income per share					
Basic and diluted		**$ 0.17**	$ 0.10	**$ 0.23**	$ 0.14
Weighted average number of common shares outstanding					
Basic and Diluted		**12,445,025**	12,445,025	**12,445,025**	12,445,025

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

Matachewan Consolidated Mines, Limited
Condensed Statements of Cash Flows
(expressed in Canadian dollars)

		For the three months ended June 30 2025	For the three months ended June 30 2024	For the period ended June 30 2025	For the period ended June 30 2024
Operating activities					
Net income		**$ 2,062,062**	$ 1,323,708	**$ 2,848,093**	$ 1,682,696
Items not affecting cash:					
(Gain) loss on sale of marketable securities and investments		**31,962**	(118,552)	**(1,164,126)**	(118,552)
Amortization	(Note 13)	**6,899**	6,899	**13,798**	13,799
Unrealized appreciation on investment in other companies and marketable securities		**(1,108,239)**	(1,255,381)	**(689,588)**	(1,647,419)
Interest on lease liability	(Note 13)	**101**	-	**298**	568
		992,785	(43,326)	**1,008,475**	(68,908)
Decrease (increase) in accounts receivable		**(1,095)**	(105,127)	**11,733**	(101,035)
Decrease (increase)in income taxes payable / receivable		**717,702**	81,026	**717,702**	81,026
(Decrease) increase in accounts payable and accrued liabilities		**1,019,500**	1,028	**996,565**	(11,441)
Cash provided by (used in) operating activities		**2,728,892**	(66,399)	**2,734,475**	(100,358)
Investing activities					
Purchase of marketable securities	(Note 3, 6, 9)	**(46,148)**	-	**(73,842)**	-
Proceeds on sale of marketable securities	(Note 3, 6, 9)	**81,098**	264,526	**2,406,057**	264,526
Cash provided by investing activities		**34,950**	264,526	**2,332,215**	264,526
Financing activities					
Increase (decrease) in loans payable	(Note 9)	**-**	(187,275)	**(1,301,860)**	(197,062)
Repayments of lease liability	(Note 13)	**(7,643)**	(6,964)	**(15,286)**	(14,406)
Cash provided by (used in) financing activities		**(7,643)**	(194,239)	**(1,317,146)**	(211,468)
Net increase in cash		**2,756,199**	3,888	**3,749,544**	(47,300)
Cash, beginning of period		**1,069,492**	71,938	**76,147**	123,126
Cash, end of period		**$ 3,825,691**	$ 75,826	**$ 3,825,691**	$ 75,826
Interest paid		**$ 100**	$ 29,181	**$ 9,041**	$ 58,751
Income taxes paid (recovered)		**(61,077)**	$ (81,026)	**(61,077)**	$ (81,026)

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

1. Nature of Operations

Matachewan Consolidated Mines, Limited ("Matachewan" or "the Company") was incorporated in the Province of Ontario, Canada by letters patent dated July 10, 1933, and the common shares are listed on the TSX Venture Exchange, symbol MCM.A. The Company has an investment in petroleum interests that it does not operate, as well as direct and indirect interests in mineral properties located in Canada. Matachewan is indirectly exposed to other natural resource opportunities by investing in marketable securities and investment in other companies listed on recognized exchanges that are natural resource based. The registered office of the Company is at Suite 1910 – 130 Adelaide Street West, Toronto, ON, M5H 3P5.

Subsequent to year end, changes in U.S. policy and administration lead to announced changes in trade agreements with its trading partners that include Canada. The potential for changes in existing trade agreements, the imposition of new tariffs, and retaliatory tariffs, or greater restrictions on trade in general, may lead to greater economic and market uncertainty. Although the ultimate scope, timing and duration of the tariffs and retaliatory measures remains unclear, the connected impact of these announcements may cause continued economic uncertainty. Should material market changes arise, these may have a significant impact on the Company's performance and underlying investments.

2. Summary of Material Accounting Policies

a) *Statement of compliance*

The condensed financial statements of the Company have been prepared in accordance with IFRS ® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed financial statements as at and for the six months ended June 30, 2025 (with comparatives) were approved and authorized for issue by the board of directors on August 26, 2025.

b) *Basis of preparation*

The condensed financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The condensed financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss which are stated at their fair value, and have been prepared using the accrual basis of accounting except for cash flow information.

c) *Revenue Recognition*

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company recognizes the earnings from its investment in petroleum interests to the extent it is earned and receivable from these operations and is not subject to a significant reversal in revenue. The Company does not operate any of the interests it has in oil and natural gas.

Any change in fair value on investment in petroleum interests is also included as part of revenue.

Royalty income is recognized as earned as per the terms of the overriding royalty agreement in accordance with IFRS 15. Revenue is recognized when it is no longer susceptible to market factors and is no longer subject to significant reversal of revenue.

Investment transactions are accounted for as of the settlement date. Realized gains and losses from investment transactions are calculated on an average cost basis. The difference between fair value and average cost is included in the Statements of Income and Comprehensive Income as part of the "Unrealized appreciation of investment in other companies and marketable securities".

d) ***Cash***

Cash includes balances held with a Canadian chartered bank and brokerage accounts.

e) ***Financial instruments***

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts receivable.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Gains and loss on these financial assets are never recycled to profit and loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash, marketable securities, investment in petroleum interests and investments in other companies.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 – Receivables that have not experienced a significant increase in credit risk since initial recognition;
Stage 2 – Receivables that have experienced a significant increase in credit risk since initial recognition;
Stage 3 – Receivables for which there is objective evidence of impairment.

Significant increase in credit risk

The Company has established a policy to assess, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. IFRS 9 provides a rebuttable presumption that a significant increase in credit risk ("SICR") has occurred if contractual payments are more than 30 days past due. The Company has not rebutted this presumption. Additional risk factors may be considered such as changes in financial condition of the borrower and other borrower specific information and other forward looking information.

Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. In certain other cases, where qualitative thresholds indicate unlikeliness to pay as a result of a credit event, the Company carefully considers whether the event should result in an assessment at Stage 2 or 3 for ECL calculations.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.
The financial instruments of the Company are reclassified as follows:

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Marketable securities	FVTPL	Fair value
Investment in petroleum interests	FVTPL	Fair value
Investment in other companies	FVTPL	Fair value
Loans payable	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Derecognition of financial liabilities
The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

f) ***Marketable securities***
Marketable securities are carried at fair value and are in shares of companies listed on a recognized exchange and are primarily natural resource based.

g) ***Investment in other companies***
Investments in other companies are carried at fair value. These investments are in shares of companies predominately listed on a recognized exchange and are primarily natural resource based. The Company has used the exemption allowed by IAS 28 Investment in Associates to account for its investment in McChip Resources Inc. at fair value through profit and loss in accordance with IFFS 9 Financial Instruments. The intention, on acquisition, is to hold these investments for periods in excess of twelve months.

h) ***Investment in petroleum interests***
This Company has a minor interest in wells controlled by independent operators in Western Canada.

i) ***Income taxes***
Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in the Statements of Income and Comprehensive Income

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the condensed financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net income and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

j) ***Use of estimates, judgements and assumptions***
The preparation of the condensed financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the condensed financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from those estimates.

Accounts which require management to make material estimates in determining amounts recorded include fair value of petroleum interests, fair value of share purchase warrants, determining the incremental borrowing rate, fair value measurement of stock options, impairment of financial assets, and investment in securities not quoted in an active market.

Fair value of investment in securities not quoted in an active market and petroleum interests:
Where the fair values of financial assets recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values.

Fair value of share purchase warrants:
The fair value of share purchase warrants is valued either at their quoted market value if traded on an active market, or valued through specified option pricing models based on specified criteria.

The model used by management is the Black – Scholes model which requires six key inputs to determine a value for a share purchase warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

Impairment of financial assets:
The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Leases – Estimating the incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in its lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Fair value measurement of share-based compensation.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Estimating fair value for warrants and stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the warrants and stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock options are disclosed in Note 12.

k) Accounting for share-based payment

The grant date fair value of options allotted to directors, officers, and employees is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the grantee becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The fair value of the options is measured at grant date, using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected forfeitures and the expected volatility of the underlying shares, the expected dividend yield, forfeiture rate and the risk free rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount with a corresponding charge to share capital.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

l) Earnings (loss) per share

The Company presents basic and diluted income per share EPS/(LPS) data for its common shares. Basic EPS/(LPS)are calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS/(LPS) is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise share options granted to directors, officers, employees, consultants and other service providers of the Company.

m) Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n) Dividends

Dividends on common shares are recognized in the condensed financial statements in the year in which the dividends are approved by the Board of Directors.

o) Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

The Company presents right-of-use assets in "ROU asset" and lease liabilities in "Lease liabilities" in the Statements of Financial Position.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which a revised discount rate is used)
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless the costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

p) New Accounting Standards

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024.

The amendments:

- Provide clarification that a financial liability is derecognized on the ‘settlement date’, i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired.
- Provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met.
- Clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features;
- Clarify that, for a financial asset to have ‘non-recourse’ features, the entity’s ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets;
- Clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and
- Add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. The Company is currently assessing the impact of these amendments on its condensed financial statements.

IFRS 18 Presentation and Disclosure in Condensed financial statements (New)

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Condensed financial statements, which was incorporated into Part I of the CPA Canada Handbook – Accounting in September 2024.

IFRS 18 replaces IAS 1 Presentation of Condensed financial statements, and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. Entities will also be required to present new subtotals for ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’;
- Require disclosure of ‘management-defined performance measures’ (MPMs) in a single note to the condensed financial statements. MPMs are subtotals of income and expenses that an entity uses in public communications outside of its condensed financial

statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. Entities must disclose a reconciliation between the measure and the most directly comparable total or subtotal specifically required to be disclosed by IFRS® Accounting Standards or subtotal listed in IFRS 18;

- Enhance guidance about how to group information within the condensed financial statements; and
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, including for interim condensed financial statements. Earlier application is permitted. The new standard is to be applied retrospectively, and, in the year of adoption, a reconciliation is required between how the statement of profit or loss was presented in the comparative period under IAS 1 and how it is presented in the current year under IFRS 18. The Company is currently assessing the impact of the new standard on its condensed financial statements.

3. Marketable Securities

The marketable securities at June 30, 2025 amount to $8,126,379 and have a cost of $5,956,607 (December 31, 2024 - $8,783,625 and $7,124,696). These marketable securities are in shares of companies listed on a recognized exchange and are primarily natural resource based.

4. Investment in Other Companies

The investment in other companies at June 30, 2025, had a fair value of $768,610 and had a cost of $650,855 (December 31, 2024 - $589,865 and $650,855). This investment is in shares of companies that are primarily natural resource based. The intention, on acquisition, is to hold these investments for periods in excess of twelve months. The investment is entirely comprised of fair value through profit or loss securities.

5. Capital Management

The Company's capital structure consists of its shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available, to support the core nature of its business. The Company maintains its capital structure by using internally generated funds as the need arises. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the relative size of the Company.

There were no changes in the Company's approach to capital management during this reporting period.

6. Financial Risk Factors

The Company's financial risk exposure and the impact of the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is attributable to its accounts receivable. In the opinion of management, the credit risk with respect to these instruments is low. Accounts receivable represent amounts due from petroleum interest revenue. Management has assessed that there is no expected credit loss attributed to accounts receivable as amounts are paid within the 30-60 days of the period end date.

Liquidity risk
The Company ensures that there is sufficient cash and other short term assets readily convertible into cash in order to meet its liabilities when they come due. Additionally, the Company's cash is held in business accounts with its bank. The Company's short-term bank indebtedness related to the Company's broker account, which carries no interest rate, and was secured by investments held by the Company, and had no set terms of repayment. Management believes that the liquidity risk is low. All of the Company's financial liabilities mature within the next 12 months.

Notes to condensed financial statements (expressed in Canadian dollars)

As at June 30, 2025, the Company has the following financial obligations:

			<1 year	1 – 5 years	>5 years		Total
Accounts payable	$	1,043,113	1,043,113	-	-	$	1,043,113
Accrued liabilities		62,642	62,642	-	-		62,642
Lease liabilities		2,670	2,670	-	-		2,670
	$	1,108,425	1,108,425	-	-	$	1,108,425

Interest rate risk
The Company has loans to supplement its investment strategies. The preceding exposes the Company to interest rate risk which fluctuates in accordance with market rates on its loans payable. The risk is not material.

Fair value
Fair value is determined using the following methods and assumptions:
The carrying value of accounts receivable, loans payable and accounts payable and accrued liabilities approximate their fair value due from the relatively short periods to maturity of these instruments. The carrying value of the floating rate loans payable is assumed to approximate its fair value as interest is based on market related variable rates.

Sensitivity Analysis
As at June 30, 2025 had the prices on the respective stock exchanges for marketable securities and publicly held investments in other companies raised or lowered by 5%, with all other variables held constant, the equity of the Company would have increased or decreased by $423,662 (December 31, 2024 - $452,114).

Cash, marketable securities, investment in other companies and investment in petroleum interests are carried at fair value.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in their measurement. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

For warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, an option pricing model is used to calculate the fair value these investments are included in level 2. The following table outlines the Company's marketable securities and investments in other companies classified by their fair value hierarchy. There were no significant transfers between Level 1 and Level 2 during the years.

		Level 1		Level 2		Level 3		Total
Balance June 30, 2025								
Cash	$	3,825,691	$	-	$	-	$	3,825,691
Marketable securities		7,967,652		158,727		-		8,126,379
Investment in other companies		505,593		-		263,017		768,610
Investment in petroleum interests		-		-		1		1
Total	$	12,298,936	$	158,727	$	263,018	$	12,720,681

		Level 1		Level 2		Level 3		Total
Balance December 31, 2024								
Cash	$	123,126	$	-	$	-	$	123,126
Marketable securities		6,879,238		28,033		-		6,907,271
Investment in other companies		316,634		-		366,834		683,468
Investment in petroleum interests		-		-		1		1
Total	$	7,318,998	$	28,033	$	366,835	$	7,713,866

Notes to condensed financial statements (expressed in Canadian dollars)

7. Royalty and Option Interests

Mining property descriptions: Powell and Cairo Townships, Matachewan Area, Ontario

The Company has a royalty interest in the Matachewan property consisting of 24 mining claims that form part of the Young-Davidson Mine operated by Alamos Gold Inc.

The base royalty on the property is $1.1025 U.S. per tonne of ore mined and processed from the property. When applicable, an additional royalty is paid when the price of gold exceeds $270 U.S. per ounce. This amounts to 5% of the increase per ounce recovered above the base rate of $270 U.S.

On May 21, 2025, the Company closed the sale of its royalty interest for consideration of $2,700,000.

Hislop and Guibord Townships: Matheson Area, Ontario

Under the terms of the Option and Joint Venture Agreement dated June 21, 2011, by arrangement STLLR Gold Inc. ("STLLR") has earned a 60% interest and the Company retains a 40% interest, in 8 mining leases located in Hislop and Guibord Townships near Matheson, Ontario. STLLR will earn a final 10% interest by obtaining financing to construct a mining operation on the property or spending an additional $2,000,000 in exploration expenditures on the property. The Company will retain a 30% assessable interest in the property together with a 2% net smelter royalty of which 1% can be repurchased for $1,000,000. The Company receives an annual $25,000 advance royalty effective with STLLR's 60% earned interest in the property.

8. Related Party Transactions and Disclosures

Included in other income, are dividends in the amount of nil that were received from a related party that share common directors and officers (2024 - $45,963).

Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

Key management personnel and directors' compensation

Key management personnel are those persons having oversight or authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. Key management compensation consists of independent board members and executive officers.

		Six months ended June 30, 2025		Year ended December 31, 2024
Management compensation	$	32,431	$	97,776
Directors' fees		6,250		12,500
Share based payments		-		-

9. Loans Payable / Loans Receivable

The loans payable, representing broker margin accounts at June 30, 2025 were $nil (December 31, 2024 - $1,301,860). They were secured by certain of the Company's marketable securities. Interest payable on the margin accounts was at the rates of prime plus 1.00% to prime plus 1.50% annually (see Note 3). The broker margin account consists of cash owed by the Company to its' brokers and is due on demand.

10. Share Capital

a) Authorized

Unlimited common shares

***b) Common shares issued*:**

	Number of shares	Value
Balance – June 30, 2025 and December 31, 2024	12,445,025	$2,878,391

11. Contributed Surplus

The June 30, 2025 contributed surplus of the Company was $588,200 (December 31, 2024 - $588,200). The contributed surplus resulted from the fair market value of stock options granted August 30, 2022.

Notes to condensed financial statements (expressed in Canadian dollars)

12. Share Based Compensation

Stock options

The Company has adopted a stock option plan ("the Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees, and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted hereunder may not exceed 1,240,000 shares.

Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price ("the market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides notice to the exchange of such. There is no vesting period and the term is five years for options granted.

1,200,000 stock options were outstanding on June 30, 2025 (December 31, 2024 – 1,200,000). Effective August 30, 2022 stock options on 1,200,000 shares were granted to directors, officers and employees of the Company at $0.28 per share to expire on August 29, 2027.

A summary of the status of the Company's outstanding stock options as of March 31, 2025 and December 31, 2024, and changes during the period ended on those dates are presented in the following table:

	June 30, 2025		December 31, 2024	
	Number	Exercise price	Number	Exercise price
Outstanding and exercisable, beginning	1,200,000	$0.28	1,200,000	$0.28
Exercised	-	-	-	-
Expired	-	-	-	-
Granted	-	-	-	-
Outstanding, ending and exercisable	1,200,000	$0.28	-	$0.28

The weighted average remaining contractual life is 2.17 years.

13. Leases

The Company has a lease for head office space that was entered into during the year with a third party. The lease is reflected on the statement of financial position as a right-of-use asset and lease liability. The term of the lease is thirty six months beginning September 1, 2022 and ending August 31, 2025. The incremental borrowing rate and term length used in the calculation of the right-of-use asset and discounted lease liability amounts are 5.2% and 36 months, respectively.

		ROU Asset
Cost		
Balance: December 31, 2023	$	82,789
Additions		-
Disposals		-
Balance: December 31, 2024	$	82,789
Additions		-
Disposals		-
Balance: June 30, 2025	$	82,789
Accumulated amortization		
Balance: December 31, 2023	$	36,795
Amortization		27,597
Disposals		-
Balance: December 31, 2024	$	64,392
Amortization		13,798
Disposal		-
Balance: June 30, 2025	$	78,190

Notes to condensed financial statements (expressed in Canadian dollars)

Net book value:	
2024	18,397
2025	4,599

Lease liabilities

The continuity of lease liability is as follows:

		Liability
Balance – December 31, 2023	$	45,966
Additions		-
Contractual payments		(30,035)
Amount attributable to interest		1,727
Balance – December 31, 2024	$	17,658
Additions		
Contractual payments		(15,286)
Amount attributable to interest		298
Balance – June 30, 2025		2,670
Current portion - due within one year	$	2,670

14. Income Taxes

		June 30, 2025		December 31, 2024
The Company's income tax (recovery) is allocated as follows:				
Current tax expense	**$**	**656,625**	$	(60,939)
Deferred tax expense		**-**		194,401
	$	**656,625**	$	133,462

15. Subsequent events

The Company is in the process of monetizing its existing assets for purposes of distribution to the shareholders.