Trailbreaker Resources Ltd.

Consolidated Financial Statements

December 31, 2025 and 2024

Independent Auditor's Report

To the Shareholders of Trailbreaker Resources Ltd.

Opinion

We have audited the consolidated financial statements of Trailbreaker Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying 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.

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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had no source of revenues from operations during the year ended December 31, 2025. These events or conditions, along with other matters as set forth in Note 1, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL LLP

DMCL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 13, 2026

Trailbreaker Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes		December 31, 2025		December 31, 2024
ASSETS					
Current assets					
Cash		$	801,785	$	1,920,113
Accounts receivable	4		15,229		18,641
Prepaid expenses and deposits			12,467		14,411
Marketable securities	6		54,188		24,415
			883,669		1,977,580
Non-current assets					
Restricted cash	12		165,700		128,500
Equipment			791		1,389
Exploration and evaluation assets	5		4,392,404		4,134,258
TOTAL ASSETS		$	5,442,564	$	6,241,727
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	7,9	$	277,351	$	274,437
Decommissioning liability	11		20,119		14,900
Flow-through shares liabilities	8		-		43,352
TOTAL LIABILITIES			297,470		332,689
EQUITY					
Share capital	8		54,626,671		54,559,700
Share-based payment reserves	8		19,182,317		19,193,288
Equity reserve			1,195,608		1,195,608
Accumulated other comprehensive loss			(217,402)		(247,463)
Deficit			(69,642,100)		(68,792,095)
TOTAL EQUITY			5,145,094		5,909,038
TOTAL LIABILITIES AND EQUITY		$	5,442,564	$	6,241,727

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

Approved on Behalf of the Board on April 13, 2026:

``Lucy Zhang`` — Director

``Daithi Mac Gearailt`` — Director

Trailbreaker Resources Ltd.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes		For the year ended December 31, 2025		2024
Expenses					
Amortization		$	598	$	1,071
Corporate development and communication			47,250		14,864
Listing and filing fees			51,567		65,754
Management fees	9		180,000		172,057
Office and miscellaneous			116,100		130,491
Professional fees			74,979		88,116
Stock-based compensation	8/9		-		315,956
			(470,494)		(788,309)
Other items					
Due diligence for mineral interests			15,430		69,196
Foreign exchange			11		(15)
Interest income			(2,077)		(27,388)
Impairment of exploration and evaluation assets	5		406,803		6,582
Expenditure on petroleum and natural gas properties			19,017		20,319
Miscellaneous income	5		(7,125)		(78,728)
Royalty income			(9,196)		(26,452)
Settlement of flow-through share premium	8		(43,352)		(349,148)
Total other income (expenses)			(379,511)		385,634
Net loss		$	(850,005)	$	(402,675)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Change in fair value on equity investments designated on FVTOCI, net of tax	6		30,061		(9,741)
Comprehensive loss for the year		$	(819,944)	$	(412,416)
Loss per share, basic and diluted		$	(0.02)	$	0.01)
Weighted average number of common shares outstanding, basic and diluted			40,654,973		38,804,688

Trailbreaker Resources Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital						
	Number of shares	Amount	Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
Balance at January 1, 2025	40,539,834	$ 54,559,700	$ 1,195,608	$ 19,193,288	$ (247,463)	$ (68,792,095)	$ 5,909,038
Stock option exercise	50,000	22,971	-	(10,971)	-	-	12,000
Shares issued pursuant to property agreements	125,000	44,000	-	-	-	-	44,000
Comprehensive loss for the year	-	-	-	-	30,061	(850,005)	(819,944)
Balance at December 31, 2025	40,714,834	$ 54,626,671	$ 1,195,608	$ 19,182,317	$ (217,402)	$ (69,642,100)	$ 5,145,094

	Share capital						
	Number of shares	Amount	Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
Balance at January 1, 2024	33,997,134	$ 51,972,169	$ 1,195,608	$ 18,945,332	$ (237,722)	$ (68,389,420)	$ 3,485,967
Shares issued for flow through financing, net of issuance costs	4,000,000	2,322,556	-	-	-	-	2,322,556
Flowthrough share premium	-	(392,500)	-	-	-	-	(392,500)
Warrant exercise	2,172,700	493,175	-	-	-	-	493,175
Stock option exercise	310,000	142,400	-	(68,000)	-	-	74,400
Shares issued pursuant to property agreements	60,000	21,900	-	-	-	-	21,900
Stock-based compensation	-	-	-	315,956	-	-	315,956
Comprehensive loss for the year	-	-	-	-	(9,741)	(402,675)	(412,416)
Balance at December 31, 2024	40,539,834	$ 54,559,700	$ 1,195,608	$ 19,193,288	$ (247,463)	$ (68,792,095)	$ 5,909,038

Trailbreaker Resources Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended December 31, 2025	2024
Operating activities		
Net loss for the year	$ (850,005)	$ (402,675)
Adjustments for non-cash items:		
Amortization	598	1,071
Stock-based compensation	-	315,956
Settlement of flow-through share premium	(43,352)	(349,148)
Impairment of exploration and evaluation assets	406,803	6,582
Expenditures of petroleum and natural gas assets	11,561	13,769
Changes in non-cash working capital:		
Accounts Receivable	3,412	356
Prepaid expenses and deposits	1,944	11
Trade payables and accrued liabilities	32,152	124,575
Reclamation paid	(6,342)	(19,443)
Net cash flows used in operating activities	(443,229)	(308,946)
Investing activities		
Exploration and evaluation assets	(657,312)	(2,110,202)
Net proceeds on sale of marketable securities	7,413	64,385
Net cash flows used in investing activities	(649,899)	(2,045,817)
Financing activities		
Private placement, net of issuance costs	-	2,322,556
Exercise of warrants	-	493,175
Exercise of option	12,000	74,400
Changes in restricted cash	(37,200)	(51,500)
Net cash flows (used in) provided by financing activities	(25,200)	2,838,631
Change in cash	(1,118,328)	483,868
Cash	1,920,113	1,436,245
Cash, ending	$ 801,785	$ 1,920,113
Non-cash investing activities:		
Exploration expenditures included in accounts payable	$ 28,277	$ 68,836
Shares issued pursuant to property agreements	$ 44,000	$ 21,900

1. Nature of operations and going concern

Trailbreaker Resources Ltd. (formerly Goldstrike Resources Ltd.) (the "Company") was incorporated under the laws of the province of British Columbia, Canada. The Company trades on the TSV Venture Exchange (the "TSX-V") under the symbol "TBK.V", and the Frankfurt Stock Exchange under the symbol "KCG". The registered office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C.

The Company is a mineral exploration company focusing on acquiring and developing exploration and evaluation assets.

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern. The Company has no current source of revenues from operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and the private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position. These consolidated financial statements do not include these adjustments. Such adjustments could be material.

2. Material accounting policies and basis of preparation

The consolidated financial statements were authorized for issuance on April 13, 2026 by the directors of the Company.

Statement of compliance with IFRS

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

Basis of measurement

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, except otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Details of the controlled entity are as follows:

		Ownership interest	
Entity:	Country of incorporation:	December 31, 2025	December 31, 2024
Petro One Energy Corp.	Canada	100%	100%

Inter-company balances and transactions have been eliminated upon consolidation.

2. Material accounting policies and basis of preparation (Continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and redeemable guaranteed investment certificates. At December 31, 2025 and 2024, the Company had $nil cash equivalent.

Financial instruments

(i) 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 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.

The Company classifies its cash at FVTPL, restricted cash and accounts receivable at amortized cost. The Company classifies its marketable securities at FVTOCI. The Company classifies its accounts payable at amortized cost.

(ii) Measurement

<u>Financial assets at FVTOCI</u>

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

<u>Financial assets and liabilities at amortized cost</u>

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

<u>Financial assets and liabilities at FVTPL</u>

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive 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 the statement of comprehensive loss in the year in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. **Material accounting policies and basis of preparation** (continued)

Financial instruments *(continued)*

(iv) 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 of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, 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 recognized in the statement of comprehensive loss.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the common shares. If the proceeds from the offering are less than or equal to the estimated fair market value of common shares issued, no value is assigned to the warrants. Warrants that are issued as payment to a finder or other transaction costs are accounted for as share-based payments.

Loss per share

The Company presents basic and diluted 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. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. In periods of loss, basic and diluted loss per share is the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining-balance method over their estimated useful lives. Amortization is provided at half the annual rate in the year of acquisition. The estimated useful lives of equipment are reviewed when events and circumstances warrant. The Company’s equipment consists of computer equipment and computer software, which are amortized on a 55% and 100% declining-balance basis, respectively.

2. **Material accounting policies and basis of preparation** (continued)

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the grant date at fair value and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserves. The fair value of stock options is determined using the Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company 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; and
- 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 recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

2. Material accounting policies and basis of preparation (continued)

Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Petroleum and natural gas interests

Exploration license and unproved property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability. As the Company has not yet commenced commercial production of petroleum and natural gas products, any revenues in the development stage from test wells or other incidental production is treated as a recovery of capitalized exploration costs.

The assessment of technical feasibility and commercial viability is based upon estimates of the recoverability of capitalized costs by future exploitation or sale and where the activities have reached a stage that permits a reasonable assessment of the existence of proved reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

When technical feasibility and commercial viability of a well is determinable based on management's assessment of current information, the exploration and evaluation assets attributable to that well are first tested for impairment and then reclassified from exploration and evaluation assets to property and equipment.

The Company recognizes monthly royalty income which is 10% of the gross proceeds from the oil production of a petroleum well in Saskatchewan.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the risks have not been incorporated into the estimate of cash flows. The increase in the provision due to the passage of time is recognized within accretion expense.

2. **Material accounting policies and basis of preparation** (continued)

Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning liabilities are measured at the present value of management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Changes in the present value of the estimated expenditure are reflected as an adjustment to the provision and relevant asset. The unwinding of the discount on the decommissioning provision is recognized as accretion expense. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision was recognized.

Flow-through shares

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the premium that the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting other income when the Company has made the required expenditures and there is a reasonable expectation of the renunciation of these expenditures to the tax authorities.

Future changes in accounting policies not yet effective

In April 2024, the IASB issued IFRS Accounting Standards 18, Presentation and Disclosure in Financial Statements ("IFRS 18") to replace IAS 1. IFRS 18 introduces two newly required subtotals on the face of the income statement, which includes operating profit and profit or loss before financing and income tax, and three new income statement classifications, which are operating, investing, and financing. In addition, IFRS 18 requires non-IFRS Accounting Standards management performance measures that are subtotals of income and expenses to be disclosed on financial statement. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

There are no other accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's financial statements.

3. **Critical Judgements and estimates in applying accounting policies**

Critical accounting estimates and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires management to make certain estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting include the recoverability of the carrying value of exploration and evaluation assets, the measurement of financial instruments and share-based payments, the recoverability of deferred tax assets and the measurement of decommissioning liabilities.

(Expressed in Canadian dollars)

3. Critical Judgements and estimates in applying accounting policies (Continued)

Critical judgements in applying accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern, the identification of cash-generating units, and the classification of evaluation and exploration assets.

4. Accounts receivable

	December 31, 2025	December 31, 2024
GST receivable	$ 8,843	$ 14,532
Royalty income receivable	6,386	4,109
	$ 15,229	$ 18,641

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets as of December 31, 2025 is as follows:

			Exploration								
	Balance at December 31, 2024	**Acquisition**	Assay	Trenching & Drilling	Exploration Management	Logistics	Travel & Accommodation	Geological & Geophysical Consulting	**Subtotal**	Impairment	**Balance at December 31, 2025**
Mineral Property Interests											
Atsutla	$ 1,993,450	$ 17,847	$ 3,768	$ -	$ 10,500	$ 20,260	$ 10,076	$ 24,865	$ 69,469	$ -	$ 2,080,766
Liberty	1,464,859	26,977	-	237,000	58,500	2,895	264	36,759	335,418	-	1,827,254
Castle Rock	307,123	-	-	-	-	575	-	6,785	7,360	-	314,483
Coho	-	39,274	271	-	54,750	6,164	3,014	16,419	80,618	-	119,892
Eagle Lake	171,611	-	-	-	-	-	-	-	-	(121,611)	50,000
Other properties	197,215	21,109	10,438	-	9,000	20,327	1,490	25,622	66,877	(285,192)	9
Total:	$ 4,134,258	$ 105,207	$ 14,477	$ 237,000	$ 132,750	$ 50,221	$ 14,844	$ 110,450	$ 559,742	$ (406,803)	$ 4,392,404

(Expressed in Canadian dollars)

5. **Exploration and evaluation assets** (Continued)

A continuity of the Company's exploration and evaluation assets as of December 31, 2024 is as follows:

			Exploration										
	Balance at December 31, 2023	**Acquisition**	Assay	Trenching & Drilling	Exploration Management	Logistics	Field Equipment	Travel & Accommodation	Geological & Geophysical Consulting	**Subtotal**	Government Tax Credit	Impairment	**Balance at December 31, 2024**
Mineral Property Interests													
Plateau	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1
McMurdo	65,492	62	3,812	-	-	10,934	-	1,878	10,317	26,941	-	-	92,495
Atsutla	1,476,485	3,854	31,812	-	29,721	115,777	34	35,698	300,069	513,111	-	-	1,993,450
Eakin Creek	1	-	462	-	-	324	-	-	5,590	6,376	-	(6,376)	1
Eagle Lake	139,914	-	-	-	-	14,675	-	938	16,084	31,697	-	-	171,611
Castle Rock	267,745	5,000	12,392	-	14,924	12,218	-	2,660	29,903	72,097	(37,719)	-	307,123
Golden Sable	1	-	-	-	-	-	-	-	-	-	-	-	1
MT Sheldon	94,184	210	-	-	3,000	244	52	-	7,023	10,319	-	-	104,713
Liberty	-	41,521	141,400	386,308	88,357	205,516	129	44,290	557,338	1,423,338	-	-	1,464,859
Other properties	4	207	-	-	-	-	-	-	-	-		(207)	4
Total:	$ 2,043,827	$ 50,854	$ 189,878	$ 386,308	$ 136,002	$ 359,688	$ 215	$ 85,464	$ 926,324	$ 2,083,879	$ (37,719)	$ (6,583)	$ 4,134,258

5. Exploration and evaluation assets (continued)

Atsutla Gold Project

Willy Jack Property

During 2020, the Company staked the Willy Jack property in the province of British Columbia and owns 100% interest in the property.

SWAN Property

During 2020, the Company staked the SWAN property in the province of British Columbia and owns 100% interest in the property.

In November 2022, an option agreement has been signed for the Company to obtain a 100% interest to expand the Swan Property within the Atsutla Gold Project. The claim block consists of one claim.

Pursuant to the terms of the Option Agreement and subject to receipt of all regulatory approvals, the Company can earn a 100% interest in the Property by making staged share issuances totaling 80,000 common shares over three years and making a one-time cash payment of $25,000 as follows:

a) 10,000 common shares (issued) on receipt of TSX-V approval;
b) 10,000 common shares on or before November 16, 2023 (issued);
c) 10,000 common shares on or before November 16, 2024; (issued) and
d) 50,000 common shares and $25,000 cash payment on or before November 16, 2025 (subsequently amended as described below)

The optionor will retain a 1% Net Smelter Royalty ("NSR") and the Company has the right to buy back the 1% NSR within a two-year period from the exercise of the option for a cash payment of $50,000 and issuance of 100,000 common shares.

On November 3, 2025, the Company signed an amended option agreement to replace paragraph d) with the following paragraphs d) and e):

d) issuing to the Optionor 25,000 common shares by November 16, 2025 (issued); and
e) on or before May 16, 2026, either:
   (i) paying to the Optionor $25,000 and issuing the Optionor 50,000 common shares; or
   (ii) issuing to the Optionor 175,000 common shares.

Liberty

In February 2024, the Company acquired the Liberty Property by way of an option agreement. The option agreement allows the Company to acquire 100% of the property in central British Columbia by completing the following:

- Upon signing: a cash payment of $5,000 and issuance of 50,000 common shares (paid and issued);
- First anniversary: a cash payment of $5,000 and an issuance of 50,000 common shares (paid and issued) (note 8);
- Second anniversary: a cash payment of $5,000 and an issuance of 50,000 common shares (note15);
- Third anniversary: a cash payment of $30,000 and an issuance of 150,000 common shares; and
- Fourth anniversary: a cash payment of $57,500 and an issuance of 450,000 common shares.

The claims are subject to a 2% NSR, 1% of which can be purchased back for $1,000,000.

5. Exploration and evaluation assets (continued)

Castle Rock

In February 2022 and January 2023, the Company staked the Castle Rock property in the province of British Columbia and owns 100% interest in these staked claims.

On July 27th, 2023, an option agreement was signed with Cazador Resources Ltd. ("Cazador") which provides the Company the option to acquire the 100% interest in the claims owned by Cazador by completing the following:

1. Upon receipt of TSX-V approval for the option agreement, issuance to Cazador of 200,000 common shares (issued);
2. A total of $60,000 of expenditures (completed) on the Castle Rock property by the second anniversary of the effective date;
3. On the second anniversary of the effective date (paid subsequent to year-end) and annually to the fifth anniversary date, payment to Cazador of $5,000 as advance payments on the royalty; and
4. On or before the fifth anniversary of the effective date, issuance to Cazador of a further 300,000 common shares. Cazador will retain a 2% NSR on claims currently 100% held by Cazador, and a 1% NSR on claims held jointly between Cazador and the Company. Once the option is exercised the Company may buy back 50% of the royalty by paying Cazador $1,000,000.

Coho

On May 20, 2025, the Company signed an option agreement to acquire the Coho property in central British Columbia. Pursuant to the option agreement, the Company has the option to acquire a 100% interest in the Coho property if the following terms are met:

(i) pay to optionor an aggregate $380,000 as follows:

- $20,000 on execution of this Agreement (paid);
- an additional $25,000 on or before May 20, 2026;
- an additional $35,000 on or before May 20, 2027;
- an additional $50,000 on or before May 20, 2028;
- an additional $50,000 on or before May 20, 2029;
- an additional $200,000 on or before May 20, 2030; and+
- 1`

(ii) issue and deliver to the optionor an aggregate 700,000 common shares as follows:

- 50,000 common shares within 10 days of the date of Regulatory Approval (issued) (note 8);
- an additional 100,000 common shares on or before May 20, 2026;
- an additional 150,000 common shares on or before May 20, 2027;
- an additional 200,000 common shares on or before May 20, 2028;
- an additional 200,000 common shares on or before May 20, 2029; and

(iii) complete expenditures on the property of $200,000 as follows:

- $200,000 of expenditures on or before May 20, 2027; and
- Expenditures (including the expenditures referred to in (i) above) of $1 million or 1,500 metres of diamond drilling within 3 years of receiving a drill permit.

Upon completion of the option agreement, the Company will obtain a 100% interest in the property and the optionor will retain a total 2.0% NSR, which maybe brought down to 0.5% through a cash payment of $1,500,000 to the optionor.

5. Exploration and evaluation assets (continued)

Eagle Lake

In June 2022, the Company acquired the Eagle Lake property in the province of British Columbia by a combination of staking and a sale agreement with Teck Resources Limited ("Teck"). The Company owns 100% interest in the property, with a portion of it subject to an underlying 1% NSR to Teck.

The sale of the claims held by Teck had the following terms:

- issue 125,000 common shares (issued).
- Teck shall retain a 1% NSR on the Property.

In June 2023, the Company signed an option agreement with Vizsla Copper Corporation ("Vizsla Copper") to option out four of the fourteen claims of the Eagle Lake property. The optioned claims are subject to a 2% NSR on the property. The Company and Teck will retain a 1% NSR on each of three of the claims and the Company will retain a 2% NSR on the fourth claim. Vizsla Copper has the option to acquire 100% interest in the four claims by completing the following,

- Issue to the Company 15,000 common shares (received) on receipt of TSX-V approval;
- issue to the Company 5,000 common shares (received) on or before June 9, 2024;
- Issue to the Company 7,500 common shares (received) on or before June 9, 2025; and
- Issue to the Company 12,500 common shares on or before June 9, 2026.

All share amounts have been retrospectively adjusted to reflect the 10-for-1 share consolidation completed by Vizsla Copper on December 4, 2025 (Note 6).

Subsequent to year-end, the Company sold its Eagle Lake mineral claims for gross proceeds of $50,000. As at December 31, 2025, the carrying of the Egale Lake exploration and evaluation assets was $171,611. The sale price was the indicated asset's fair value less costs of disposal at year end. Accordingly, the Company recognized an impairment of $121,611 in the consolidated statement of loss to reduce the carrying value to its recoverable amount.

Other properties

On July 1, 2025 ("Effective Date"), the Company signed an option agreement to acquire the Wheaton property in northwestern British Columbia.

Pursuant to the option agreement, the Company has the option to acquire a 100% interest in the Wheaton property by completing the following:

- paying to the Optionee $10,000 on the Effective Date (paid);
- paying to the Optionee $10,000 on or before the first anniversary of the Effective Date (terminated);
- paying to the Optionee $15,000 on or before the second anniversary of the Effective Date;
- paying to the Optionee $25,000 or issuing to the Optionee $25,000 worth of common shares ("Shares") on or before the third anniversary of the Effective Date;
- paying to the Optionee $75,000 or issuing to the Optionee $75,000 worth of Shares on or before the fourth anniversary of the Effective Date; and
- completing $1,000,000 of expenditures on or before the fifth anniversary of the Effective Date.

Upon completion of the option agreement, the Company will obtain a 100% interest in the property and the optionee will retain a total 2.0% NSR, which may be brought down to 0.5% through a cash payment of $1,500,000 to the optionee. During the year ended December 31, 2025, the Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of $85,487 (2024 - $nil) was recognized reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property.

5. Exploration and evaluation assets (continued)

Other properties (continued)

In May 2023, the Company entered into an agreement to acquire up to a 100% interest in the Golden Sable property in South-Central British Columbia, subject to a 1% NSR. During the year ended December 31, 2025, the Company assessed that the carrying value and impaired the property to $nil, recognizing an impairment charge of $1.

In May 2022, the Company staked the Connector Gold property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to $1, recognizing an impairment charge of $43,466. During the year ended December 31, 2025, the Company recognized an impairment of $nil (2024 - $207).

In March 2022, the Company staked the Eakin Creek property in the province of British Columbia and owns 100% interest in the property. In March 2022, the Company acquired the property by issuing 60,000 common shares at price $0.255 for a fair value of $15,300 and a cash payment of $13,475 pursuant to the property sale agreement. During the year ended December 31, 2023, the Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of $967,427 was recognized reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property. During the year ended December 31, 2025, the Company recognized an impairment of $853 (2024 - $6,376).

The Company has a 100% interest in the Plateau Property located in the Yukon Territory, which is subject to a 3% NSR which may be reduced by 1% for a payment of $1,500,000. The Company identified impairment indicators for the property including the limited expenditures on the property during the year ended December 31, 2023 and that currently there are no substantive expenditures budgeted or planned. During the year ended December 31, 2023, an impairment loss of $2,153,425 was recognized reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property. During the year ended December 31, 2025, the Company recognized an impairment of $1,500 (2024 - $nil).

The Company has a 100% interest of Sheldon property, located in Yukon. The property is a legacy property originally held by the Company. During the year ended December 31, 2025, the Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of $104,857 (2024 - $nil) was recognized reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property.

During 2020, the Company staked the McMurdo property in the province of British Columbia and has a 100% interest in the property. During the year ended December 31, 2025, the Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of $92,494 (2024 - $nil) was recognized reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property.

The Company has a 100% interest in the Cando2 Property which is subject to a 3% NSR and a 100% interest in the St. Patrick Property. During the year ended December 31, 2018, the Company assessed that the carrying value of the properties was impaired to $1.

During 2020, the Company staked the Skelly property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to $1.

The Company received $106,647 relating to British Columbia Mining Exploration Tax Credit during the year ended December 31, 2024, $37,719 was recorded against the Castle Rock property and $68,928 was recorded in other income as it related to properties that has been impaired.

(Expressed in Canadian dollars)

6. Marketable securities

On March 13, 2025, Juggernaut Exploration Ltd. ("Juggernaut") announced a share consolidation on a one-new share for- 10-old shares basis. As a result, the Company's previous holding of 100,040 shares was consolidated into 10,004 shares. On May 26, 2025, the Company sold 10,004 Juggernaut common shares for net proceeds of $7,413. A loss of $11,595 was recorded in other comprehensive loss.

During the year ended December 31, 2025, the Company received 75,000 Vizsla Copper's common shares (December 31, 2024 - 200,000) pursuant to an option agreement (note 5) and recognized a gain of $7,125 (2024 - $$9,800) in the consolidated statement of comprehensive loss.

On December 4, 2025, Vizsla Copper completed a 10-for-1 share consolidation. As a result, the Company's previous holding of 200,000 shares was consolidated into 20,000 shares.

Marketable securities are measured at fair value by reference to quoted stock prices. During the year ended December 31, 2025, the Company recorded an unrealized gain of $41,656 (2024 – $82,224) and a combined realized and unrealized gain of $30,061 (2024 – combined realized and unrealized loss of $9,741).

		Fair value
Carrying value at December 31, 2023	$	88,741
Addition		9,800
Loss on marketable securities sold		(91,965)
Fair value of marketable securities sold		(64,385)
Unrealized gain		82,224
Carrying value at December 31, 2024		24,415
Addition		7,125
Loss on marketable securities sold		(11,595)
Fair value of marketable securities sold		(7,413)
Unrealized gain		41,656
Carrying value at December 31, 2025	$	54,188

7. Accounts payable and accrued liabilities

		December 31, 2025		December 31, 2024
Accounts Payable	$	14,125	$	24,890
Accrued Liabilities		61,678		58,386
Due to related parties (note 9)		201,548		191,161
	$	277,351	$	274,437

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital during the year ended December 31, 2025

On November 17, 2025, the Company issued 25,000 common shares at $0.30 per share for a fair value of $7,500 pursuant to the amended option agreement for the Atsula property (note 5).

In June 2025, the Company issued 50,000 common shares at $0.38 per share for a fair value of $19,000 pursuant to an option agreement for the Coho property (note 5).

In March 2025, the Company issued 50,000 common shares for stock options exercised at a price of $0.24, for gross proceeds of $12,000. The share price on the date of exercise was $0.40.

8. Share capital (Continued)

Issued share capital during the year ended December 31, 2025 *(Continued)*

In January 2025, the Company issued 50,000 common shares at $0.35 per share for a fair value of $17,500 pursuant to an option agreement for the Liberty property (note 5).

As of December 31, 2025, based on expenditures incurred, the remaining flow-through share premium liability of $43,352 (2024 - $349,148) was recognized as a settlement of flow-through share premium in the consolidated statements of comprehensive loss, leaving nil balance in the flow-through share premium liability.

Issued share capital during the year ended December 31, 2024

In November 2024, the Company issued 10,000 common shares at a price of $0.09 per share for a fair value of $900, pursuant to the Swan property option agreement (note 5).

On April 10, 2024, the Company closed a non-brokered private placement, issuing 1,406,250 Critical Flow-Through Units for $0.64 per Critical Flow-Through Unit (the "CMETC FT Units"), and 2,593,750 Flow-Through Units for $0.56 per Non-Critical Flow-Through Unit (the "FT Units"), for aggregate gross proceeds of $2,352,500.

Each CMETC FT Unit consists of one flow-through common share ("FT Share") and one half of a transferable warrant, each warrant being exercisable to acquire an additional non-flow-through common share of the Company at $0.60 for 24 months from the date of issuance. Each FT Unit consists of one FT Share and one half of a warrant, each warrant being exercisable to acquire an additional non-flow-through common share of the Company at $0.60 for 24 months from the date of issuance. The Company paid cash finders' fees of $15,000 and filing fee of $14,944.

The FT Units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $392,500 and was recorded as a share capital reduction with an equivalent amount as a flow-through share premium liability in the statement of financial position. As of December 31, 2024, based on expenditures incurred, $349,148 was recognized as a settlement of flow-through share premium leaving a $43,352 balance in the flow-through share premium liability.

During the year ended December 31, 2024, the Company issued 500,000 and 1,672,700 common shares for warrants exercised at the exercise price of $0.15 and $0.25, for gross proceeds of $75,000 and $418,715, respectively.

During the year ended December 31, 2024, the Company issued 310,000 common shares for stock options exercised at the exercise price of $0.24 for a gross proceed of $74,400. The share price on the date of exercise was $0.52.

In February 2024, the Company issued 50,000 common shares at $0.42 per share for a fair value of $21,000 pursuant to an option agreement for the Liberty property (note 5).

Renunciation of exploration expenditure

During the year ended December 31, 2025, the Company incurred and renounced the remaining $259,835 exploration expenses under its flow-through program.

During the year ended December 31, 2024, the Company incurred and renounced $900,000 of exploration expenses under its critical flow-through program and $1,192,665 of exploration expenses under its flow-through program.

(Expressed in Canadian dollars)

8. Share capital (Continued)

Stock option

As at December 31, 2025, the Company had the following options outstanding and exercisable:

Date Issued	Expiry Date	Exercise Price		Number of Options Outstanding	Number of Options Exercisable
April 28, 2016	April 28, 2026	$	3.15	15,000	15,000
May 18, 2017	May 18, 2027	$	5.95	17,500	17,500
March 24, 2021	March 24, 2026	$	0.30	150,000	150,000
May 31, 2022	May 31, 2027	$	0.24	600,000	600,000
January 25, 2024	January 25, 2029	$	0.43	800,000	800,000
				1,582,500	1,582,500

The following is a summary of the Company's stock option activities:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,732,500	$ 0.35	2,242,500	$ 0.30
Options granted	-	-	800,000	0.43
Options exercised	(50,000)	0.24	(310,000)	0.24
Option expired	(1,100,000)	0.24	-	-
Options outstanding, ending	1,582,500	$ 0.43	2,732,500	$ 0.35

On January 25, 2024, 800,000 stock options were granted to officers and consultants of the Company exercisable at a price of $0.43 per share for a term of five years. The options were fully vested on the grant date and the Company recognized stock-based compensation of $315,956.

The fair value of stock options granted for the year ended December 31, 2024 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2024
Risk-free interest rate	3.68%
Dividend yield	-
Expected stock price volatility	166.2%
Weighted average expected life (years)	5.00
Valuation date fair value of underlying share	$ 0.39

As at December 31, 2025, 1,582,500 options were exercisable. The weighted average life and weighted average exercise price of exercisable options are 2.13 years and $0.43 respectively.

(Expressed in Canadian dollars)

8. Share capital (Continued)

Share purchase warrants

As at December 31, 2025, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price		Number of warrants outstanding
May 4, 2023	May 4, 2026	$	0.15	6,000,000
April 10, 2024	April 10, 2026	$	0.60	2,000,000
				8,000,000

The following is a summary of the Company's warrant activities:

	December 31, 2025			December 31, 2024		
	Number of Common Shares Issuable	Weighted Average Exercise Price		Number of Common Shares Issuable	Weighted Average Exercise Price	
Warrants outstanding, beginning	8,000,000	$	0.26	9,634,600	$	0.18
Warrants issued	-		-	2,000,000		0.60
Warrants exercised	-		-	(2,172,700)		0.23
Warrants expired	-		-	(1,461,900)		0.25
Warrants outstanding, ending	8,000,000	$	0.26	8,000,000	$	0.26

On April 10, 2024, the Company issued 2,000,000 warrants at $0.60 per share and exercisable until April 10, 2026, as part of a private placement offering.

As at December 31, 2025, the weighted average exercise price and weighted average life of the warrants are $0.26 and 0.32 years, respectively.

Equity reserve and share-based payment reserves

The equity reserve records items related to share purchase warrants issued alongside with share offering. At the time of exercise, the corresponding amount will be transferred to share capital.

The share-based payment reserves record items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Related party transactions

Key personnel compensation:

	December 31, 2025		December 31, 2024	
Management and accounting fees incurred to a company controlled by the Chief Financial Officer	$	156,000	$	144,000
Management fees incurred to a company controlled by the President and Chief Executive Officer	$	71,250	$	42,921
Exploration management fees incurred to a company controlled by the President and Chief Executive Officer and capitalized to exploration and evaluation assets	$	132,750	$	136,003
Directors' fees incurred to directors	$	12,000	$	37,000
Share-based payments to directors	$	-	$	78,989

(Expressed in Canadian dollars)

9. Related party transactions (Continued)

As at December 31, 2025, $201,548 (December 31, 2024 - $191,161) was owing to related parties and has been included in accounts payables and accrued liabilities (note 7). The amounts are unsecured, non-interest bearing and due on demand.

On January 25, 2024, 200,000 stock options were granted to officers of the Company exercisable at a price of $0.43 per share for a term of five years. The options were fully vested on the grant date.

10. Income tax

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2025	December 31, 2024
Net loss for the year	$ (850,005)	$ (402,675)
Expected income tax	$ (229,501)	$ (108,722)
Non-deductible items	(12,002)	(19,900)
Impact of flow through shares	70,155	565,020
Gain or (loss) on investment through OCI	-	(1,315)
Adjustment to prior years provision versus statutory tax returns	(7,375)	11,261
Share issue costs	(8,085)	(8,085)
Other	224,521	9,033
Change in unrecognized deferred assets	(37,713)	(447,292)
Total income tax expense	**$ -**	**$ -**

The Company's tax-effected future income tax assets and liabilities are estimated as follows:

	December 31, 2025	December 31, 2024
Deferred Tax Assets		
Share issuance costs	$ 7,665	$ 12,097
Non-capital losses	4,797,321	4,858,870
Property and equipment	510,188	507,820
Exploration and evaluation assets	10,552,138	10,507,027
Marketable securities	(7,315)	(3,296)
Asset retirement obligation	5,432	4,023
Investment tax credits	382,232	382,232
Allowable capital losses	81,467	98,069
SRED pool	190,844	190,844
	16,519,972	16,557,686
Unrecognized deferred tax assets	(16,519,972)	(16,557,686)
Net deferred tax assets	$ -	$ -

The Company has non-capital losses of 17,768,000 which expire in the years 2026 to 2045, and resource pools relating to exploration and development costs that may be carried forward indefinitely.

(Expressed in Canadian dollars)

11. Decommissioning liabilities

Balance at December 31, 2023	$	20,574
Addition		13,769
Reclamation expenses		(19,443)
Balance at December 31, 2024		14,900
Addition		11,561
Reclamation expenses		(6,342)
Balance at December 31, 2025	$	20,119

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas interests including well sites, gathering systems and processing facilities. The total decommissioning liabilities were estimated by management based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon the wells and the estimated timing of the costs to be incurred in future periods. As at December 31, 2025, the Company has estimated the total amount of liabilities to be $20,119 (December 31, 2024 - $14,900). During the year ended December 31, 2025, the Company incurred reclamation expenses of $6,342 (2024 - $19,443)

12. Restricted cash

As of December 31, 2025, the Company's restricted cash balance was $165,700 (December 31, 2024 - $128,500) which consisted of one guaranteed letter of credit in the amount of $15,000 (expiring and renewable in June 2026) issued by Bank of Montreal for the Minister of Finance – the Saskatchewan Oil and Gas Orphan Fund and four reclamation bonds in the amount of $150,700 for the Ministry of Energy, Mines and Petroleum Resources of British Columbia relating to the Mines Act Permit.

13. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

(Expressed in Canadian dollars)

13. Financial risk management (Continued)

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. The fair value of cash is minimally affected by changes in short term interest rates.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2025	December 31, 2024
FVTPL:		
Cash	$ 801,785	$ 1,920,113
Amortized cost:		
Restricted cash	165,700	128,500
Accounts receivable	6,386	4,109
	973,871	2,052,722
FVTOCI:		
Marketable securities	54,188	24,415
	$ 1,028,059	$ 2,077,137

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2025	December 31, 2024
Amortized cost:		
Trade payables	$ 14,123	$ 24,890
Due to related parties	201,548	191,161
	$ 215,671	$ 216,051

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The carrying value of the Company's financial assets and liabilities as at December 31, 2025 and 2024 approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Marketable securities are classified within Level 1 of the fair value hierarchy as their fair value is measured using quoted market price.

14. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

15. Subsequent Events

a) In January 2026, the Company paid $5,000 cash and issued 50,000 common shares at $0.43 for a fair value of $21,500 pursuant to an option agreement for the Liberty property. (note 5)

b) In March 2026, the Company completed a non-brokered charity flow-through private placement (the "Offering") for gross proceeds of $3.5 million. The Company issued:

   1. 2,500,000 CMETC flow-through units ("CMETC FT Units") at a price of $0.56 per CMETC FT Unit, for aggregate gross proceeds of $1.4 million, each CMETC FT Unit consisting of 1 CMETC FT common share and ½ of a common share purchase warrant, each of which will qualify as a "flow-through share". Each full warrant is exercisable at $0.50 for 24 months from the date of issue for one non-flow-through common share; and

   2. 4,200,000 flow-through units ("FT Units") at a price of $0.50 per FT Unit for aggregate gross proceeds of $2.1 million, each FT Unit consisting of 1 FT common share and ½ of a common share purchase warrant, each of which will qualify as a "flow-through share". Each full warrant is exercisable at $0.50 for 24 months from the date of issue for one non-flow-through common share.

   All of the FT Units and CMETC FT Units issued pursuant to the Offering are subject to a hold period in Canada of four months plus one day from closing.

   The Company has paid cash finders' fees totaling $108,150 and issued 324,000 non-transferable broker warrants exercisable at $0.50 for 2 years, in accordance with TSX-V policies.

c) In March 2026, the Company extended the term of 2,000,000 warrants by one year to April 10, 2027 from April 10, 2026. All other terms remain unchanged.

d) In March 2026, pursuant to the Company's latest Stock Option Plan, the Company cancelled 400,000 stock options at the exercise price of $0.43 three months after a consultant ceased its service to the Company.

e) In April 2026, the Company issued 3,750,000 common shares for warrants exercised at the exercise price of $0.15 for gross proceeds of $562,500.