

LOYALIST EXPLORATION LIMITED

FINANCIAL STATEMENTS

As at and for the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Loyalist Exploration Limited

Opinion

We have audited the financial statements of Loyalist Exploration Limited (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 judgement, 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 were no additional key audit matters to communicate in our report.

Other information

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

Our opinion on the 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 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, 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 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 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 judgement 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 risks 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 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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
May 1, 2025

Loyalist Exploration Limited

Statements of Financial Position

(Expressed in Canadian dollars)

As at	December 31 2024 \$	December 31 2023 \$
ASSETS		
Current		
Cash	7,512	8,190
Other receivables	11,383	12,567
Prepaid expenses	-	4,925
Total assets	18,895	25,682
LIABILITIES		
Current		
Trade and other payables	291,107	178,009
Due from related party	30,000	-
Total current liabilities	321,107	178,009
SHAREHOLDERS' (DEFICIENCY)		
Common shares, share-based compensation and warrants (note 4)	12,126,346	12,006,994
Deficit	(12,428,558)	(12,159,321)
Total shareholders' (deficiency)	(302,212)	(152,327)
Total liabilities and shareholders' (deficiency)	18,895	25,682

Nature of operations and going concern (note 1)

Subsequent events (note 10)

Approved on behalf of the board:

(signed) "Stephen Balch"
Director

(signed) "Errol Farr"
Director

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended	
	2024	December 31
	\$	\$
Expenses		
Exploration and project evaluation (note 3)	96,036	30,000
Management fees and salaries	170,000	187,998
Professional fees	31,784	86,301
Insurance	10,360	12,521
Office	4,386	6,223
Advertising and promotion	-	2,484
Share based compensation	19,864	36,868
Regulatory costs	24,182	31,314
Gain on settlement of debt	(55,363)	(78,101)
Loss and comprehensive loss for the year	301,249	315,608
Loss per share	0.00	0.00
Basic weighted average shares outstanding	192,476,847	185,703,697

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited

Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31	2024	2023
	\$	\$
Operating activities		
Net loss for the year	(301,249)	(315,608)
Items not affecting cash		
Share based compensation	19,864	36,868
Gain on settlement of debt	(55,363)	(78,101)
Net change in non-cash working capital balances related to operating activities:		
Other receivables	1,184	(12,567)
Prepaid expenses	4,925	(4,079)
Trade and other payables	168,461	(47,192)
Due to related party	30,000	-
Cash provided from (used in) operating activities	(132,178)	(420,679)
Financing activities		
Issuance of common shares for cash	131,500	500,000
Issuance costs	-	(74,722)
Cash provided from financing activities	131,500	425,278
Net increase (decrease) in cash	(678)	4,599
Cash, beginning of the year	8,190	3,591
Cash, end of the year	7,512	8,190
Supplemental information		
Finders' warrants issued	-	25,556

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited

Statements of Equity

(Expressed in Canadian dollars)

	Share Capital		Warrants	Stock options	Sub-total	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	140,531,368	9,615,281	1,889,453	408,626	11,913,360	(12,212,225)	(298,865)
Private placements	50,000,000	425,278	-	-	425,278	-	425,278
Warrants issued	-	(195,507)	195,507	-	-	-	-
Share based compensation	-	-	-	36,868	36,868	-	36,868
Expiry of stock options	-	-	-	(368,512)	(368,512)	368,512	-
Net loss for the year	-	-	-	-	-	(315,608)	(315,608)
Balance, December 31, 2023	190,531,368	9,845,052	2,084,960	76,982	12,006,994	(12,159,321)	(152,327)
Private placements	26,300,000	131,500	-	-	131,500	-	131,500
Share based compensation	-	-	-	19,864	19,864	-	19,864
Expiry of stock options	-	-	-	(32,012)	(32,102)	32,012	-
Net loss for the year	-	-	-	-	-	(301,249)	(301,249)
Balance, December 31, 2024	216,831,368	9,976,552	2,084,960	64,834	12,126,346	(12,428,558)	(302,212)

The accompanying notes are an integral part of these Financial Statements

Loyalist Exploration Limited

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian dollars)

1. Nature of operations, basis of presentation and going concern uncertainty

Loyalist Exploration Limited (the "Company" or "Loyalist") was incorporated on October 4, 2017, under the Canada Business Corporations Act (the "Act") as Golden Birch Resources Inc. The name was changed to PNG Copper Inc. on August 12, 2021 and then to Loyalist Exploration Limited on October 19, 2023. The principal business of the Company is the acquisition, exploration and development of mineral property interests. The Company is a reporting issuer in the Province of Ontario and is incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C1T4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependent upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of \$301,249 for the year ended December 31, 2024 (December 31, 2023 - \$315,608) and had an accumulated deficit of \$12,428,558 (December 31, 2023 - \$12,159,321) and working capital deficiency of \$302,212 as at December 31, 2024 (December 31, 2023 - \$152,327). The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on a historical cost basis. In addition, the financial statements have been prepared on an accrual basis except for cash flow information.

These financial statements were authorized for issuance by the Board of Directors on May 1, 2025.

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Notes to the Financial Statements

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(Expressed in Canadian dollars)

During the year ended December 31, 2024, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the financial statements.

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

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

Currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

Critical judgments and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Estimation of closure and reclamation costs and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of

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(Expressed in Canadian dollars)

closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Note 6.

Cash and term deposits

Cash consist of bank balances and short-term deposits in redeemable guaranteed certificate investments.

Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

Provision for closure and reclamation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation property interests and therefore, no closure and reclamation liabilities have been recorded as at December 31, 2024 and 2023.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and

Loyalist Exploration Limited

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other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects.

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash was held at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the balance sheets with changes in fair value recognized in other income or expense in the statements of operations. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of operations when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the

Loyalist Exploration Limited

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(Expressed in Canadian dollars)

Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Share-based payments

The Company has a share option plan that is described in note 4. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

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(Expressed in Canadian dollars)

3. Exploration and evaluation expenses

Transactions for the years ended December 31, 2024 and 2023, are as follows:

	2024 \$	2023 \$
Lost Molly		
Property acquisition	80,000	30,000
Millbrook		
Property evaluation	16,036	-
Total	96,036	30,000

Lost Molly Property

On February 13, 2023, the Company entered into an option agreement to earn a one hundred per cent (100%) interest in certain mineral claims situated in the Oba area of the Province of Ontario, generally referred to as the "Lost Molly" Property (the "Claims"). During the term of the option in respect of the Lost Molly Property, the Company will have the exclusive and irrevocable right to access, explore and develop the Claims at its sole and absolute discretion.

To earn its 100% interest, the Company must make the following optional cash and share payments and incur the following Exploration Work Expenditures on any of the Claims:

Cash and Share Payments

Initial Payment - \$30,000 (paid in February 2023);
1st Anniversary - \$80,000;
2nd Anniversary - \$120,000; and
3rd Anniversary - \$160,000.

Exploration Work Expenditures

Year 1 - \$50,000;
Year 2 - \$100,000;
Year 3 - \$200,000; and
Year 4 - \$400,000.

On April 12, 2024, the Company and the vendor entered into an amending agreement to change the date of the first anniversary payment of \$80,000 to the earlier of the date which is one week following the first financing after a potential consolidation or August 1, 2024. In addition, \$35,000 of the Year 1 Exploration Work Expenditures are required to be completed before August 1, 2024 and the Year 2 Exploration Work Expenditures is amended to \$115,000.

Up to 50% of the respective cash payments may, at the option of the Company, be paid in common shares of the Company. If the Company exercises its right and option to make the respective cash payments partially in shares, the number of shares payable shall be determined for each such partial payment by dividing the amount of the partial payment by the 10-trading day average closing trading price of the Company's shares prior to the date of such payments. Such shares will be subject to required regulatory trading restrictions.

The Vendor is entitled to a three per cent (3.0%) Net Smelter Return royalty (the "NSR Royalty") on all minerals or metals extracted from the Claims two-thirds of which (a 2% NSR) may be bought back for \$2,000,000.

Currently, the Company is in default of its obligations to make its payments and exploration expenditures as of August 1, 2024. The \$80,000 1st anniversary payment has been recorded in accounts payable and accrued liabilities as at December 31, 2024. Certain of the Lost Molly mineral claims have expired. It was the Company's obligation to maintain these claims and the impact of this cannot be determined at this time.

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Notes to the Financial Statements

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4. Shareholders' equity

Authorized share capital consists of:

an unlimited number of voting and participating Class A shares without par value; and

an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares. No Class B shares are outstanding.

Share capital

Share capital comprises the following:

	Number of shares	Amount \$
Balance, December 31, 2022	140,531,368	9,615,281
Private Placements, net of issuance costs	50,000,000	425,278
Share issuance costs	-	(25,556)
Warrants issued	-	(169,951)
Balance, December 31, 2023	190,531,368	9,845,052
Private Placement	26,300,000	131,500
Balance, December 31, 2024	216,831,368	9,976,552

Private placements

On January 27, 2023, the Company completed the first tranche of its private placement financing. This tranche consisted of the sale of 18,300,000 units at a price of \$0.01 per unit for gross proceeds of \$183,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.05 per common share until January 27, 2028.

On February 9, 2023, the Company completed the second tranche of its private placement financing. This tranche consisted of the sale of 31,700,000 units at a price of \$0.01 per unit for gross proceeds of \$317,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.05 per common share until February 9, 2028. In connection with the closing of this financing, the Company paid a cash fee of \$47,000 and issued 3,170,000 broker warrants, with each one entitling the holder to purchase one Unit at a price of \$0.05 until February 9, 2028.

On December 4, 2024, the Company completed a private placement financing consisting of the issuance of 26,300,000 shares at a price of \$0.005 for gross proceeds of \$131,500. Officers of the Company subscribed for 4,500,000 shares for gross proceeds of \$22,500.

Stock options

As at December 31, 2024, 4,150,000 common shares were reserved for the exercise of common stock options ("options") granted to directors, officers, employees and service providers in connection with the Company's long term incentive plan (the "Plan").

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
Outstanding, December 31, 2022	6,755,000	0.12
Granted	6,000,000	0.05
Expired/forfeited	(3,394,425)	(0.16)
Outstanding, December 31, 2023	9,360,575	0.08

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Expired/forfeited	(5,210,575)	(0.09)
Outstanding, December 31, 2024	4,150,000	0.06

The following share option arrangements were in existence as at December 31, 2024:

Date granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
June 23, 2021	150,000	150,000	0.20	June 23, 2025
February 10, 2022	250,000	250,000	0.10	February 9, 2026
September 2, 2022	250,000	250,000	0.10	September 1, 2026
May 15, 2023	3,500,000	3,500,000	0.05	May 15, 2028
	4,150,000	4,150,000		

The weighted average exercise price of options exercisable at December 31, 2024 was \$0.06 (December 31, 2023 - \$0.08).

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$	Share price \$
May 15, 2023	0	1.66	159	5 years	70,734	0.05

Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
Balance, December 31, 2022	46,525,440	0.13
Issued	53,170,000	0.05
Balance, December 31, 2023 and December 31, 2024	99,695,440	0.09

	Expiry date	Number	Exercise Price \$
Warrants	May 14, 2025	7,500,000	0.15
Warrants – Broker units*	May 14, 2025	750,000	0.15
Warrants	July 30, 2025	3,693,343	0.15
Warrants – Broker units*	July 30, 2025	363,333	0.15
Warrants	August 27, 2025	303,335	0.15
Warrants	January 4, 2026	3,556,666	0.20
Warrants – Broker units*	January 4, 2026	6,000	0.15
Warrants	June 28, 2026	1,666,666	0.20
Warrants – Broker units*	June 28, 2026	166,666	0.15
Warrants	August 12, 2026	3,333,333	0.20
Warrants – Broker units*	August 12, 2026	333,333	0.15
Warrants	September 2, 2026	2,498,333	0.20
Warrants – Broker units*	September 2, 2026	133,333	0.15

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Warrants	December 13, 2026	1,428,572	0.10
Warrants – Broker units*	December 13, 2026	142,857	0.07
Warrants	January 24, 2027	1,500,000	0.10
Warrants – Broker units*	January 24, 2027	150,000	0.07
Warrants	March 7, 2027	1,553,020	0.10
Warrants	May 18, 2027	5,155,365	0.07
Warrants	June 1, 2027	3,480,000	0.07
Warrants – Broker units*	June 1, 2027	348,000	0.05
Warrants	August 16, 2027	2,000,000	0.07
Warrants – Broker units*	August 16, 2027	200,000	0.05
Warrants	August 16, 2027	6,263,285	0.07
Warrants	January 27, 2028	18,300,000	0.05
Warrants	February 8, 2028	31,700,000	0.05
Warrants – Broker units*	February 8, 2028	3,170,000	0.05
		99,695,440	
Warrants – Broker warrants *	May 14, 2025	72,560	0.10
Warrants – Broker warrants *	July 30, 2025	160,000	0.10
Warrants – Broker warrants *	January 4, 2026	6,000	0.15
Warrants – Broker warrants *	June 28, 2026	166,666	0.15
Warrants – Broker warrants *	August 12, 2026	333,333	0.15
Warrants – Broker warrants *	September 2, 2026	133,333	0.15
Warrants – Broker warrants *	December 13, 2026	142,857	0.07
Warrants – Broker warrants *	January 24, 2027	150,000	0.07
Warrants – Broker warrants *	June 1, 2027	348,000	0.05
Warrants – Broker warrants *	September 23, 2027	210,000	0.10
Warrants – Broker warrants *	August 16, 2027	200,000	0.05
Warrants – Broker warrants *	February 8, 2028	3,170,000	0.05
		5,092,749	

* Upon exercise of the broker unit, an additional warrant will be issued for each unit exercised

The weighted average remaining contractual life of warrants outstanding at December 31, 2024 is 2.41 years (December 31, 2023 – 3.43 years).

The fair value of warrants granted during the year ended December 31, 2023 has been estimated at the date of the grant using the Black- Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest %	Expected volatility %	Expected life
January 27, 2023 and February 8, 2023	0	1.59	147	5

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5. Related party transactions

Compensation of key management and directors

Key management compensation expense includes the Chief Executive Officer, the Chief Financial Officer and directors.

For the years ended December 31	2024	2023
	\$	\$
Salaries and management fees	170,000	193,040
Share-based compensation	19,864	36,868
	189,864	229,908

Accounts payable and accrued liabilities as at December 31, 2024, include amounts owing to current and former directors and officers in the amount of \$106,960 (December 31, 2023 - \$68,611). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

A total of \$58,333 and \$75,110 in amounts payable to former directors and officers of the Company was forgiven during the years ended December 31, 2024 and 2023 respectively.

Included in accounts payable and accrued liabilities at December 31, 2024 is a promissory note due to a director of the Company in the amount of \$30,000. The note bears interest at prime plus 2% and is due on April 8, 2025. In the event of a default, interest will continue to accrue at a rate of prime plus 10%.

6. Commitments and contingencies

The Company has discontinued mining operations in various jurisdictions. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided in these financial statements.

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately \$22,500. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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7. Income taxes

the reconciliation of combined federal and provincial statutory tax rate of 26.5% to the effective tax rate is as follows:

	2024 \$	2023 \$
Loss before income taxes	(301,249)	(315,608)
Expected income tax benefit based on statutory rate	(80,000)	(84,000)
Adjustment to expected income tax recovery:		
Share based compensation	5,000	10,000
Expenses not deductible for tax purposes	-	426,000
Change in unrecorded deferred tax asset	75,000	(352,000)
Deferred income tax provision (recovery)	-	-

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2024 \$	2023 \$
Non-capital losses	4,910,000	4,463,000
Share issuance costs	114,000	219,000
Resource related deductions	4,147,000	4,178,000
Net deferred income tax asset	9,171,000	8,860,000

The tax losses expire from 2036 to 2044. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately \$4,147,000 of foreign exploration and development expenditures as at December 31, 2024, which under certain circumstances, may be utilized to reduce taxable income of future years.

8. Capital management

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share and debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if and when needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year.

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9. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash, when available, have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had a cash balance of \$7,512 (December 31, 2023 - \$8,190) to settle current liabilities of \$321,107 (December 31, 2023 - \$178,009). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

Price risk

Price risk with respect to commodity prices is remote since the Company is not a producing entity.

Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at December 31, 2024 and December 31, 2023, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

10. Subsequent events

Gold Rush

On March 31, 2025, the Company completed an agreement to option the Gold Rush Property (the "GR Option"). The Gold Rush Property is located approximately 4 km west of Timmins Ontario. The GR Option terms are:

Pursuant to the terms of the Option, Loyalist will:

- a) pay to Optionor aggregate cash consideration of \$160,000 as follows:
 - i. \$25,000 upon the entering into of the Definitive Agreement (deferred to May 1, 2025;
 - ii. \$35,000 on the first anniversary date of the Definitive Agreement;
 - iii. \$45,000 on the second anniversary date of the Definitive Agreement;
 - iv. \$55,000 on the third anniversary date of the Definitive Agreement;

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- b) issue to Optionor an aggregate of 20,000,000 common shares in the capital of Loyalist (the “**Loyalist Shares**”) as follows:
 - i. 3,500,000 upon the entering into of the Definitive Agreement (issued);
 - ii. 4,000,000 on the first anniversary date of the Definitive Agreement;
 - iii. 5,000,000 on the second anniversary date of the Definitive Agreement;
 - iv. 8,000,000 on the third anniversary date of the Definitive Agreement;
- c) Complete total accumulated exploration expenditures on the Claims in the amount of:
 - i. \$100,000 by the first anniversary date of the Definitive Agreement;
 - ii. \$300,000 by the second anniversary date of the Definitive Agreement;
 - iii. \$700,000 by the third anniversary date of the Definitive Agreement;
- d) grant to Optionor a 2.0% net smelter returns royalty (the “NSR”) on the Claims with an option for Loyalist to re-purchase 50% of the NSR (i.e 1.0% of the 2.0% NSR) at any time at a price of \$1,000,000.

Loveland

On February 27, 2025, the Company signed a binding letter of intent to purchase the Loveland Property (the “Loveland LOI”). The Loveland Property is located approximately 45 km northwest of Timmins, Ontario. The acquisition terms are:

Pursuant to the terms of the Purchase, Loyalist will:

- (a) pay to the vendor aggregate cash consideration of \$250,000 upon closing of the Purchase;
- (b) grant to vendor a 2.0% net smelter returns royalty (the “NSR”) on the Claims with an option for Loyalist to re-purchase 50% of the NSR (i.e 1.0% of the 2.0% NSR) at any time at a price of \$1,000,000 (subject to CPI adjustment); and
- (c) issue 7,000,000 Loyalist Shares to the vendor upon closing of the Purchase.

On March 31, 2025, the Loveland LOI was amended to extend the closing date to April 30, 2025 in exchange for increasing the number of shares issuable at closing from 7,000,000 to 8,000,000.

On April 30, 2025, the Loveland LOI was amended to extend the closing date to May 31, 2025, in exchange for increasing the number of shares issuable at closing from 8,000,000 to 9,000,000.

Completion of the purchase is subject to various conditions including signing a definitive agreement and completing a private placement for at least \$600,000, among other things. There is no assurance that the purchase will be completed.

Tully

On April 8, 2025, the Company signed a letter of intent to purchase the Tully Property (the “Tully LOI”). The Tully Project is located approximately 45 km northeast of Timmins Ontario. The Tull LOI terms are:

- (a) pay to vendor, aggregate cash consideration of \$500,000 upon closing of the Purchase;

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- (b) grant to the vendor, a 2.0% net smelter returns royalty (the “NSR”) on the Tully Property with an option for Loyalist to re-purchase 50% of the NSR (i.e. 1.0% of the 2.0% NSR) at any time at a price of \$1,000,000 (subject to Consumer Price Index adjustment); and
- (c) issue such number of Loyalist Shares to the Vendor which is expected to be approximately 89,255,000 shares, that will result in Vendor, having ownership of 19.9% of the total issued and outstanding Loyalist Shares after giving effect to Loyalist Shares to be issued pursuant to (i) the Definitive Agreement, (ii) completion of the acquisition by Loyalist of the option to acquire the Gold Rush Property (3,500,000 Loyalist Shares) (as announced on March 31, 2025), (iii) acquisition by Loyalist of the Loveland Property (8,000,000 Loyalist Shares) (as announced on February 27, 2025), and (iv) the completion of a total cumulative financing of a minimum of \$1.3 million or more (see below).

Additional Consideration

As additional consideration, Loyalist will: (i) pay to the vendor, an aggregate of \$100,000; and (ii) issue to Vendor an aggregate of thirty million (30,000,000) Loyalist Shares or cash in lieu thereof, in whole or in part, at the sole discretion of Loyalist, at a price of \$0.01 per Loyalist Share, in installments upon the achievement of milestones on any part of the Tully, as follows:

- (a) \$100,000 upon the completion of a drilling intercept of at least 6 g/t of gold over 8 meters or equivalent on the Tully Property payable and issuable within sixty (60) days of the announcement of this milestone;
- (b) 15,000,000 Loyalist Shares upon filing of a technical report on the Tully Property where a gold resource is re-evaluated (or restated) to a NI 43-101 standard and the total gold resource exceeds 200,000 ounces, payable and issuable within sixty (60) days of the technical report being filed under the Purchaser’s profile on SEDAR+;
- (c) 15,000,000 Loyalist Shares at the time of announcement of a decision to mine on the Tully Property, payable within sixty (60) days of such announcement;

provided that (i) no Loyalist Shares shall be issued to the Vendor if such issuance would result in the Vendor beneficially, directly or indirectly owning, controlling or exercising direction over 20% or more of the voting rights of Loyalist, unless Loyalist has first obtained the requisite regulatory approvals, including shareholder approval for the approval of a new control person of Loyalist and approval of the Exchange; and (ii) if Loyalist Shares cannot be issued because the aforesaid approvals are required but cannot be obtained, cash shall be paid in lieu thereof. Loyalist shall use all reasonable commercial efforts to meet the milestones.

Completion of the purchase is subject to various conditions including signing a definitive agreement and completing a private placement for at least \$1,300,000, among other things. There is no assurance that the purchase will be completed.

Promissory notes

The Company issued \$77,000 in promissory notes (the “Notes”) in the months of March and April 2025, with existing shareholders and associates of the Company. The Notes carry a 20% commitment fee plus 10% interest. Interest will commence on the earlier of one year from the date of issuance of the Notes or following the closing of the Company’s proposed offering.