

RED CANYON RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

RED CANYON RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024
(UNAUDITED – SEE “NOTICE TO READER” BELOW)

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of Red Canyon Resources Ltd. and the accompanying condensed interim consolidated statements of financial position as at March 31, 2025 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the three months ended March 31, 2025 and 2024 are the responsibility of the Company's management.

The condensed interim consolidated financial statements have been prepared by management and have not been reviewed by the Company's auditors. The condensed interim consolidated financial statements include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* under International Financial Reporting Standards as issued by the IASB. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the condensed interim consolidated financial statements and related financial reporting matters prior to submitting the condensed interim consolidated financial statements to the Board for approval.

“Wendell Zerb”

Wendell Zerb
Chief Executive Officer

May 26, 2025

“Sandra Wong”

Sandra Wong
Chief Financial Officer

May 26, 2025

RED CANYON RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)****(Expressed in Canadian Dollars)**

		March 31, 2025	December 31, 2024
	Note	\$	\$
Assets			
Current assets			
Cash		783,403	688,031
Restricted cash		20,453	20,342
Amounts and other receivables	6	59,738	136,575
Prepaid expenses		48,792	35,791
		912,386	880,739
Non-current assets			
Reclamation bonds	4	120,000	120,000
Equipment	5	2,822	3,048
Exploration and evaluation assets	6	4,118,928	4,188,623
Total assets		5,154,136	5,192,410
Liabilities			
Current liabilities			
Trade and other payables	10	73,552	150,977
		73,552	150,977
Non-current liabilities			
Deferred tax liability		383,444	424,444
Total liabilities		456,996	575,421
Equity			
Share capital	7	5,521,846	5,521,846
Share subscriptions	14	373,000	-
Share-based payment reserve	7	564,657	564,657
Accumulated other comprehensive loss		(12,165)	(11,969)
Accumulated deficit		(1,750,198)	(1,457,545)
		4,656,140	4,616,989
Total liabilities and equity		5,154,136	5,192,410

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 26, 2025 and are signed on its behalf by:

/s/“Wendell Zerby” Director /s/“Cecil R. Bond” Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

RED CANYON RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED) (Expressed in Canadian Dollars)

	Note	March 31, 2025 \$	March 31, 2024 \$
Expenses			
Accounting and audit		129	125
Consulting		517	33,157
Depreciation	5	226	139
Filing fees		7,954	9,401
General exploration		2,200	25,967
Investor communication		27,640	8,259
Legal		767	4,366
Management	10	35,087	33,415
Office		28,316	19,320
Salaries and benefits	10	34,580	25,219
Travel		7,728	11,104
Total expenses		(145,144)	(170,472)
Other income (expenses)			
Flow-through share premium	9	-	15,580
Finance income		3,968	5,164
Foreign exchange gain (loss)		(1,193)	23,828
Impairment	6	(190,214)	-
Part XII.6 tax	7	(1,070)	(4,758)
Total other income (expenses)		(188,509)	39,814
Loss before tax		(333,653)	(130,658)
Deferred tax recovery		41,000	-
Net loss		(292,653)	(130,658)
Other comprehensive loss			
Items that may be reclassified to comprehensive loss:			
Cumulative translation adjustment		(196)	(2,724)
Comprehensive loss		(292,849)	(133,382)
Loss per common share, basic and diluted		(0.01)	-
Weighted average number of common shares outstanding		44,877,187	34,937,459

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

RED CANYON RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)****(Expressed in Canadian Dollars)**

	Number of Shares	Share Capital \$	Share Subscriptions \$	Share-based Payment Reserve \$	Accumulated Other Comprehensive Income (Loss) \$	Accumulated Deficit \$	Total \$
Balance, December 31, 2023	34,937,459	3,387,644	-	278,053	(516)	(840,682)	2,824,499
Net loss	-	-	-	-	-	(130,658)	(130,658)
Other comprehensive loss	-	-	-	-	(2,724)	-	(2,724)
Balance, March 31, 2024	34,937,459	3,387,644	-	278,053	(3,240)	(971,340)	2,691,117
Balance, December 31, 2024	44,877,187	5,521,846	-	564,657	(11,969)	(1,457,545)	4,616,989
Share subscriptions	-	-	373,000	-	-	-	373,000
Net loss	-	-	-	-	-	(292,653)	(292,653)
Other comprehensive loss	-	-	-	-	(196)	-	(196)
Balance, March 31, 2025	44,877,187	5,521,846	373,000	564,657	(12,165)	(1,750,198)	4,697,140

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

RED CANYON RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****(Expressed in Canadian Dollars)**

	Three months ended March 31, 2025 \$	Three months ended March 31, 2024 \$
Operating activities		
Net loss	(292,653)	(130,658)
Items not involving cash:		
Depreciation	226	139
Unrealized foreign exchange	1,186	(19,155)
Flow-through share premium	-	(15,580)
Impairment	190,214	-
Deferred tax recovery	(41,000)	-
Changes in non-cash working capital accounts:		
Amounts and other receivables	99,541	37,407
Prepaid expenses	(12,998)	(12,240)
Trade and other payables	(30,443)	(10,878)
Cash used in operating activities	(85,927)	(150,965)
Investing activities		
Expenditures on exploration and evaluation assets	(191,405)	(82,265)
Cash used in investing activities	(191,405)	(82,265)
Financing activities		
Share subscriptions received	373,000	-
Cash provided by financing activities	373,000	-
Effect of foreign exchange on cash	(185)	645
Increase (decrease) in cash	95,483	(232,585)
Cash, beginning of period	708,373	989,383
Cash, end of period	803,856	756,798
Supplemental information		
Cash on hand	783,403	735,898
Restricted cash	20,453	20,900
	803,856	756,798
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Red Canyon Resources Ltd. (the “Company”) was incorporated on October 2, 2020 under the laws of British Columbia. The Company’s principal business activities include the acquisition and exploration of mineral property assets in Canada and the United States. The address of the Company’s corporate office and its principal place of business is Suite 1210 – 1130 West Pender Street, Vancouver, British Columbia, Canada, V6E 4A4. The Company’s shares were approved for trading on the Canadian Securities Exchange (“CSE”) under the symbol “REDC” on October 25, 2023.

The Company has one wholly owned subsidiary: RC Metals Inc. The accounts of the subsidiary are consolidated with the Company.

As at March 31, 2025, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The Company has not generated revenue or positive cash flows from operations, has recurring net losses and an accumulated deficit of \$1,750,198 at March 31, 2025 (December 31, 2024: \$1,457,545). The Company’s ability to continue its operations, develop its properties and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the three-month period ended March 31, 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of consolidated financial statements and should be read in conjunction with the Company’s 2024 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2024 annual consolidated financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2025. Note 2c) sets out the impact of new standards, interpretations and amendments, none of which have had a material effect on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 26, 2025.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, RC Metals Inc., since its incorporation in Nevada on October 27, 2020. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Inter-company balances and transactions are eliminated on consolidation.

b) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the subsidiary is the United States Dollar.

The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in profit or loss.

A subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in OCI as cumulative translation adjustments.

c) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after January 1, 2025. New or amended accounting standards adopted on January 1, 2025 have not had a material impact on the Company's consolidated financial statements.

The Company has not early adopted new or amended standards with adoption dates subsequent to January 1, 2026 in preparing these condensed interim consolidated financial statements. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2024 annual consolidated financial statements.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

4. RECLAMATION BONDS

The Company has advanced cash reclamation bond deposits of \$120,000 directly to the Province of British Columbia. The bond deposits are returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land. The deposits were applied to the projects as follows:

	Peak \$	Ping \$	Kendal \$	SP \$	Total \$
Balance at December 31, 2023 and 2024 and March 31, 2025	30,000	32,500	46,500	11,000	120,000

5. EQUIPMENT

	Computer Equipment \$	Field Equipment \$	Total \$
Cost			
Balance at December 31, 2023	1,852	1,327	3,179
Additions	-	1,500	1,500
Balance at December 31, 2024 and March 31, 2025	1,852	2,827	4,679
Depreciation			
Balance at December 31, 2023	216	709	925
Depreciation	370	336	706
Balance at December 31, 2024	586	1,045	1,631
Depreciation	93	133	226
Balance at March 31, 2025	679	1,178	1,857
Carrying amounts			
At December 31, 2023	1,636	618	2,254
At December 31, 2024	1,266	1,782	3,048
At March 31, 2025	1,173	1,649	2,822

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	British Columbia \$	Nevada \$	Utah \$	Total \$
Acquisition costs				
Balance, December 31, 2023	42,865	272,267	155,333	470,465
Additions	31,123	211,298	19,425	261,846
Impairment	(18,108)	-	-	(18,108)
Foreign exchange	-	35,518	14,713	50,231
Balance, December 31, 2024	55,880	519,083	189,471	764,434
Additions	9,216	7,176	-	16,392
Impairment	-	(117,596)	-	(117,596)
Foreign exchange	-	(654)	(171)	(825)
Balance, March 31, 2025	65,096	408,009	189,300	662,405
Exploration costs				
Balance, December 31, 2023	1,239,044	202,144	9,057	1,450,245
Additions				
Administration	73,229	16,924	-	90,153
Community relations	4,679	-	-	4,679
Drilling	1,460,739	-	-	1,460,739
Geology	283,145	48,347	9,207	340,699
Geophysics	-	148,608	-	148,608
Prospecting, mapping, sampling	29,879	14,714	6,595	51,188
Project manager	60,493	-	-	60,493
Reports	4,250	-	-	4,250
Recovery	(124,939)	-	-	(124,939)
	1,791,475	228,593	15,802	2,035,870
Impairment	(89,640)	-	-	(89,640)
Foreign exchange	-	26,450	1,264	27,714
Balance, December 31, 2024	2,940,879	457,187	26,123	3,424,189
Additions				
Drilling	250	-	-	250
Geology	73,496	31,424	638	105,558
Prospecting, mapping, sampling	9,437	-	-	9,437
Project manager	12,915	-	-	12,915
Recovery	(22,704)	-	-	(22,704)
	73,394	31,424	638	105,456
Impairment	-	(72,618)	-	(72,618)
Foreign exchange	-	(481)	(23)	(504)
Balance, March 31, 2025	3,014,273	415,512	26,738	3,456,523
Total acquisition costs and exploration expenditures				
December 31, 2024	2,996,759	976,270	215,594	4,188,623
March 31, 2025	3,079,369	823,521	216,038	4,118,928

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Company is eligible for British Columbia Mining Exploration Tax Credit (“BCMETS”) on qualifying exploration expenditures of up to 30%. The Company accrues for and claims the BCMETS for exploration expenditures incurred during each respective taxation year. During the period ended March 31, 2025, the Company recognized \$22,704 in BCMETS claims included in recoveries (year ended December 31, 2024: \$124,939). At March 31, 2025, a BCMETS receivable of \$54,837 (December 31, 2024: \$49,095) is included in amounts and other receivables.

a) British Columbia Properties

- (i) Peak Property - Peak is 100% owned and comprised of fourteen mineral claims located in south central British Columbia, approximately 30 km northeast of Williams Lake. The claims were acquired by staking with the exception of one claim purchased from an arm’s length vendor for \$575 and a 1% net smelter return (“NSR”) royalty that the Company may purchase for \$1,000,000 at any time. The Company elected not to maintain one claim totalling 158 hectares and accordingly \$276 in acquisition costs were written off during the year ended December 31, 2024.

During the period ended March 31, 2025, the Company recorded a BCMETS of \$1,933 (year ended December 31, 2024: \$56,631) which reduced the carrying value of the Peak Property.

- (ii) Kendal Property - Kendal is 100% owned and comprised of eight mineral claims located in west central British Columbia, approximately 25 kilometres northeast of Terrace. The claims were acquired by staking and are royalty free.

During the period ended March 31, 2025, the Company recorded a BCMETS of \$10,636 (year ended December 31, 2024: \$48,948) which reduced the carrying value of the Kendal Property.

- (iii) Ping Property - Ping is 100% owned and comprised of five mineral claims located in south central British Columbia, approximately 50 km northwest of Prince George. The claims were acquired by staking and are royalty free. During the year ended December 31, 2024, the Company elected not to maintain one claim and it was forfeited on June 1, 2024, resulting in the write off of \$1,717 in acquisition costs.

During the period ended March 31, 2025, the Company recorded a BCMETS of \$387 (year ended December 31, 2024: \$12,607) which reduced the carrying value of the Ping Property.

- (iv) Inzana Property – Inzana is comprised of 100% interest in 15 mineral claims that the Company staked and four mineral claims that are under two option agreements, located in northeast/central British Columbia, approximately 160 km northwest of Prince George. Each option agreement is dated September 5, 2024 (the “Effective Date”) and grants the Company the right to acquire 100% interest in two mineral claims for consideration of \$5,000 upon execution of the agreement (paid) and payments of \$3,000, \$6,000 and \$10,000 on the first, second and third anniversaries respectively of the Effective Date for each claim. Each set of two claims is subject to a 1.25% NSR royalty of which 0.75% may be purchased for \$750,000 and the remaining 0.5% may be purchased for \$1,250,000 at any time.

During the period ended March 31, 2025, the Company recorded a BCMETS of \$8,981 (year ended December 31, 2024: \$1,708) which reduced the carrying value of the Inzana Property.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) British Columbia Properties (continued)

- (v) Limonite Property – Limonite is 100% owned and comprised of a single mineral claim located in west central British Columbia, approximately 50 km east-northeast of Terrace, British Columbia. The claim was acquired by staking and is royalty free.

During the period ended March 31, 2025, the Company recorded a BCMETC of \$767 (year ended December 31, 2024: \$nil) which reduced the carrying value of the Limonite Property.

- (vi) SP Property - SP was acquired by staking and was comprised of four mineral claims located in south central British Columbia, approximately 50 km northeast of Williams Lake. The Company elected not to maintain the claims and accordingly the total \$86,679 in capitalized acquisition and exploration costs were written off during the year ended December 31, 2024.

During the year ended December 31, 2024, the Company recorded a BCMETC of \$2,656 which reduced the carrying value of the SP Property.

- (vii) Cooper Property - Cooper was comprised of eight mineral claims located in south central British Columbia, approximately 50 km northeast of the community of 100 Mile House. The Company elected not to maintain the claims and accordingly the total \$19,076 in capitalized acquisition and exploration costs were written off during the year ended December 31, 2024.

During the year ended December 31, 2024, the Company recorded a BCMETC of \$2,389 which reduced the carrying value of the Cooper Property.

b) Nevada Properties

- (i) Scraper Springs Property - The Company holds a 100% interest in the Scraper Springs property, which is comprised of 190 mineral claims located in Elko County, Nevada. The Company acquired 96 of the claims pursuant to a property purchase and sale agreement with NewQuest Capital Inc. (“NewQuest”). NewQuest is a significant shareholder of the Company with certain directors in common. The purchase and sale agreement was dated February 22, 2021 for consideration of \$100,000 (Canadian dollars) and is subject to a 2% NSR royalty. The Company staked an additional 94 claims on federal Bureau of Land Management (“BLM”) land in September and October 2021.

The Company has entered into an Exploration Lease and Option to Purchase Agreement (the “Agreement”) with an arm’s length party effective February 27, 2024 (the “Effective Date”) under which the Company is granted exclusive mineral and surface rights to certain private lands (the “Property”) within the boundaries of the Scraper Springs property for a 30-year term with an option to purchase the Property for US\$2,375,000, for the following consideration:

- US\$5,000 (paid) upon signing the letter of intent on August 28, 2023;
- US\$5,000 (paid) upon signing the definitive agreement on February 27, 2024;
- Annual lease payments of US\$5,000 on the first anniversary and each anniversary of the Effective Date to and including the ninth anniversary of the Effective Date, to be increased by US\$1,000 annually beginning on the second anniversary of the Effective Date;

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Nevada Properties (continued)

- Annual lease payments of US\$20,000 on the tenth anniversary and each anniversary of the Effective Date to and including the twentieth anniversary of the Effective Date, to be increased by US\$2,500 annually beginning on the eleventh anniversary of the Effective Date;
 - Annual lease payments of US\$40,000 on the twenty-first anniversary and each succeeding anniversary of the Effective Date until the thirtieth anniversary of the Effective Date on which the Agreement expires, to be increased by US\$5,000 annually beginning on the twenty-second anniversary of the Effective Date;
 - Surface disturbance fee of US\$250 per acre per year for each acre of disturbed and unreclaimed surface of the Property, with the fee increasing by US\$100 per acre per year beginning on the fifth anniversary of the Effective Date; and
 - NSR royalty of 4.0% which the Company may purchase the first 2.0% for US\$500,000 and the second 2.0% for US\$1,000,000 at any time prior to commercial production.
- (ii) Gray Hills Property – The Company holds a 100% interest in the Gray Hills property, which is comprised of 50 mineral claims located in Lyon County, Nevada that the Company acquired by staking.
- (iii) Oxford Property – Oxford was comprised of 25 staked claims and 80 mineral claims under option located in Lyon County, Nevada. The property was subject to an Exploration Lease and Option to Purchase Agreement with an arm's length party effective May 17, 2024 (the "Effective Date") under which the Company was granted the exclusive right to explore for and develop minerals on the property for a 20-year term, with an option to purchase the property for US\$1,500,000, for the following consideration:
- US\$17,500 (paid) under a letter of intent dated January 15, 2024 and an extension dated March 15, 2024;
 - US\$30,000 (paid) upon signing the definitive agreement on May 17, 2024;
 - Annual lease payments of US\$30,000 on the first anniversary of the Effective Date, US\$40,000 on the second anniversary of the Effective Date, US\$50,000 on the third anniversary of the Effective Date, and US\$60,000 on the fourth and each successive anniversary of the Effective Date, such payments to be credited against the purchase price if the Company elected to exercise the option to purchase the Property; and
 - NSR royalty of 2.0% which the Company may purchase the first 1.0% for US\$2,000,000 and the second 1.0% for US\$5,000,000 at any time.

The Company has elected not to maintain the option and accordingly the total \$190,214 in capitalized acquisition and exploration costs were written off during the period ended March 31, 2025.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Utah Property

- (i) Keg Property - The Company holds a 100% interest in the Keg property, which is comprised of 63 mineral claims on BLM land and two Utah State leased sections located in Juab County, Utah. The Property was acquired pursuant to a property purchase and sale agreement with NewQuest dated March 22, 2021 for consideration of \$100,000 and is subject to a 2% NSR royalty.

7. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The Company issued the following common shares during the year ended December 31, 2024:

- i) On May 27, 2024, the Company issued 100,000 common shares pursuant to the exercise of 100,000 stock options priced at \$0.10 for gross proceeds of \$10,000.
- ii) On June 4, 2024, the Company completed a non-brokered private placement (the "2024 Unit Offering") consisting of 7,259,728 units priced at \$0.22 (each, a "Unit") for gross proceeds of \$1,597,140. Each Unit is comprised of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.30 per share for a two year term. \$Nil of the Unit Offering was allocated to the warrants. Finder's fees of \$29,370 and 133,500 finder warrants with a fair value of \$13,216 exercisable into common shares at \$0.30 for a two year term were paid on \$489,500 of the placement. NewQuest and two directors and members of key management of the Company purchased a total of 275,000 Units for total proceeds of \$60,500. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.
- iii) On June 13, 2024, the Company completed a non-brokered private placement (the "2024 Charity FT Unit Offering") consisting of 2,580,000 charity flow-through units (each, a "2024 CFT Unit") of the Company priced at \$0.3696 for gross proceeds of \$953,568. Each 2024 CFT Unit is comprised of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.30 per share for a two year term. \$Nil of the 2024 Charity FT Unit Offering was allocated to the warrants. The Company recorded a flow-through premium liability of \$385,338 (Note 9).

The proceeds of the 2024 Charity FT Unit Offering were used to incur eligible "Canadian Exploration Expenses" that are Qualifying Expenses within the meaning of the Tax Act. The Company renounced \$953,542 in Qualifying Expenses at December 31, 2024, completed its qualifying expenditure commitment, and recognized \$385,338 in flow-through share premium income during the year ended December 31, 2024.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

b) Share-Based Payment Reserves

	March 31, 2025 \$	December 31, 2024 \$
Fair value of stock options and warrants granted or vested	564,657	564,657
Reserves	564,657	564,657

c) Share Purchase Warrants

A summary of the Company's share purchase warrants at March 31, 2025 and December 31, 2024 and 2023 and the changes for the periods then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2023	4,563,200	\$0.40
Issue of warrants	5,053,364	\$0.30
Balance at December 31, 2024	9,616,564	\$0.35
Expiry of warrants	(1,273,900)	\$0.40
Balance at March 31, 2025	8,342,664	\$0.34

On June 4, 2024, the Company issued 3,629,864 warrants and 133,500 finder warrants exercisable at \$0.30 per share for a two-year term pursuant to the private placement described in Note 7(a)(ii).

On June 13, 2024, the Company issued 1,290,000 warrants exercisable at \$0.30 per share for a two-year term pursuant to the private placement described in Note 7(a)(iii).

On March 31, 2025, 1,225,000 warrants and 48,900 finder warrants exercisable at \$0.40 per share expired unexercised.

Number of Warrants Outstanding		Exercise Price per Share	Expiry Date
March 31, 2025	December 31, 2024		
-	1,273,900	\$0.40	March 31, 2025
1,683,671	1,683,671	\$0.40	April 25, 2025 (i)
1,386,363	1,386,363	\$0.40	May 4, 2025 (i)
196,650	196,650	\$0.40	May 5, 2025 (i)
22,616	22,616	\$0.40	July 10, 2025
3,763,364	3,763,364	\$0.30	June 4, 2026
1,290,000	1,290,000	\$0.30	June 13, 2026
8,342,664	9,616,564		

(i) Expired subsequent to period end (Note 14(b)).

The weighted average remaining contractual life of warrants outstanding at March 31, 2025 was 0.75 years (December 31, 2024: 0.90 years).

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7. SHARE CAPITAL (CONTINUED)

d) Escrow Shares

On October 12, 2023, the Company entered into an escrow agreement under which 17,887,000 common shares would be held in escrow with 10% released on October 25, 2023, the date the shares were listed (the “Listing Date”) on the Canadian Securities Exchange (the “CSE”) and 15% will be released in 6, 12, 18, 24, 30 and 36 months of the Listing Date thereafter.

As at March 31, 2025, the Company held 10,732,200 (December 31, 2024: 10,732,200) shares in escrow.

8. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated November 15, 2021 (the “Plan”). The Plan provides for the issuance, from time to time, of options to acquire common shares of the Company (“Shares”) in number equal to a maximum of 15% of the then issued and outstanding shares of the Company until it became a reporting issuer on October 25, 2023 upon listing on the CSE, following which the maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time-to-time. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board.

A summary of the Company's stock options at March 31, 2025 and December 31, 2024 and the changes for the years then ended is presented below:

	March 31, 2025		December 31, 2024	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	4,465,000	\$0.16	2,800,000	\$0.12
Granted	-	-	2,015,000	\$0.20
Exercised	-	-	(100,000)	\$0.10
Cancelled	-	-	(250,000)	\$0.18
Ending balance	4,465,000	\$0.16	4,465,000	\$0.16

On March 21, 2024, 25,000 options exercisable at \$0.10 per share were cancelled.

On May 27, 2024, 100,000 options were exercised at \$0.10 when the closing market price of the Company's shares was \$0.24.

On August 1, 2024, 25,000 options exercisable at \$0.10 per share were cancelled.

On August 30, 2024, 200,000 options exercisable at \$0.20 per share were cancelled.

On August 30, 2024, the Company granted 2,015,000 stock options exercisable at \$0.20 per share for a five year term to officers, directors, employees and consultants of the Company. The options vested immediately.

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8. SHARE-BASED PAYMENTS

a) Option Plan Details (continued)

Details of stock options outstanding and exercisable as at March 31, 2025 and December 31, 2024 are as follows:

Expiry Date	Exercise Price	March 31, 2025	December 31, 2024	Weighted Average Remaining Contractual Life (Years)
November 15, 2026	\$0.10	2,050,000	2,050,000	1.63
April 1, 2027	\$0.20	150,000	150,000	2.00
June 1, 2028	\$0.22	250,000	250,000	3.17
August 30, 2029	\$0.20	2,015,000	2,015,000	4.42
		4,465,000	4,465,000	2.99

The weighted average remaining contractual life of stock options outstanding at March 31, 2025 was 2.99 years (December 31, 2024: 3.23 years).

b) Fair Value of Options Issued During the Periods Ended

The weighted average fair value at grant date of options granted during the period ended March 31, 2025 was \$nil per option (year ended December 31, 2024: \$0.14 per option). The total fair value of options granted during the period was \$nil (year ended December 31, 2024: \$281,060). The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

	2025	2024
Expected stock price volatility	-	97%
Risk-free interest rate	-	2.97%
Dividend yield	-	-
Expected life of options	-	5 years
Stock price on date of grant	-	\$0.19
Forfeiture rate	-	-

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the flow-through share issuances:

	\$
Balance at December 31, 2023	210,581
Flow-through share premium liability	385,338
Settlement of flow-through share premium liability pursuant to qualified expenditures	(595,919)
Balance at December 31, 2024 and March 31, 2025	-

As a result of the issuances of flow-through shares in 2023, the Company had a commitment to incur \$1,291,668 in qualifying Canadian exploration expenditures on or before December 31, 2024. This commitment was completed during the year ended December 31, 2024.

As a result of the issuances of flow-through shares on June 13, 2024, the Company had a commitment to incur \$953,542 in qualifying Canadian exploration expenditures on or before December 31, 2025. This commitment was completed during the year ended December 31, 2024.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are persons or entities that have control, joint control or significant influence over the Company, or who are members of key management personnel of the Company.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2025 \$	2024 \$
Short-term employee benefits and director fees	70,650	67,500
Share-based payments	-	-
	<u>70,650</u>	<u>67,500</u>

The Company has entered into a Management Agreement with the Chairman, President and Chief Executive Officer (the “CEO”) effective January 1, 2022 for no fixed term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$10,800 (increased to \$11,450 effective July 1, 2024) with provisions for severance of (i) six months of compensation plus an additional one month for each completed year of service up to a maximum of twelve months in the event the Company terminates the Agreement without Cause after twelve months of the effective date; (ii) eighteen times the monthly compensation if the CEO resigns for Good Cause; and (iii) eighteen months of compensation in the event the Company terminates the Agreement with or without Cause, or the CEO resigns with or without Good Cause, within twelve months following a change of control of the Company. In the event the CEO participates in activities that lead to (i) the sale of any of the Company’s exploration properties or the creation of a new or spin-off company, he will be awarded a Special Bonus in the amount of 0.5% of the sale of any of the Company’s exploration properties or the creation of a new or spin-off company; and (ii) a corporate transaction involving a sale of the Company or more than 50% of the Company’s issued and outstanding common shares, he will be awarded a Special Bonus of 0.2% of the consideration up to \$50 million of consideration received, and 0.1% of additional value beyond that \$50 million level. During the period ended March 31, 2025, the Company recorded \$34,350 (2024: \$32,400) in fees payable to the CEO, of which \$25,762 (2024: \$24,840) was capitalized to Exploration and Evaluation Assets in the Consolidated Statement of Financial Position and \$8,588 (2024: \$7,560) was expensed to Management within profit or loss.

The Company has entered into an Employment Agreement with the Chief Financial Officer and Corporate Secretary (the “CFO”) effective June 1, 2023 for no fixed term. As compensation for the services to be provided, the CFO will receive a monthly salary of \$6,700 (increased to \$7,100 effective July 1, 2024) with provisions for severance of (i) three months of compensation in the event the Company terminates the Agreement without Cause; (ii) three months of compensation in the event the CFO resigns for Good Cause; and (iii) eighteen months of compensation in the event the Company terminates the Agreement with or without Cause, or the CFO resigns with or without Good Cause, within twelve months following a change of control of the Company. During the period ended March 31, 2025, the Company recorded \$21,300 (2024: \$20,100) in fees payable to the CFO, of which \$10,650 (2024: \$10,050) was expensed to Management and \$10,650 (2024: \$10,050) was expensed to Salaries and Benefits within profit or loss.

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10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Key Management Compensation (continued)

The Company has approved the payment of a director's fee of \$1,000 per month to each of three directors and \$2,000 per month to a director and chair of the audit committee, effective September 1, 2023. During the period ended March 31, 2025, the Company recorded \$15,000 (2024: \$15,000) in director fees which were expensed to Management within profit or loss.

b) Private Placements

In connection with the private placement that closed on June 4, 2024, two directors and members of key management of the Company purchased a total of 175,000 Units for total proceeds of \$38,500, and NewQuest purchased a total of 100,000 Units for total proceeds of \$22,000. The terms and conditions offered to the related parties in these transactions are identical to those offered to non-related common shareholders.

c) Due to Related Party

As at March 31, 2025, the Company has \$3,463 (December 31, 2024: \$8,943) due to related parties which consists of amounts owed to a director and a significant shareholder for salaries and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair values

The Company's financial instruments include cash, restricted cash, amounts and other receivables (excluding taxes receivable), reclamation bonds and trade and other payables.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	March 31, 2025		December 31, 2024	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	803,856	803,856	708,373	708,373
Amortized cost assets (ii)	120,000	120,000	123,690	123,690
Amortized cost liabilities (ii)	73,552	73,552	150,977	150,977
(i) Cash and restricted cash				
(ii) Amounts and other receivables, reclamation bond				
(iii) Trade and other payables				

The Company does not have any level 2 or 3 fair value measurements, and there have been no transfers between levels.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of cash represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with chartered Canadian financial institutions. The Company owns restricted cash of \$20,453 which consists of a savings account held by a financial institution as security against a Company credit card. The Company also owns cash reclamation bond deposits of \$120,000 held by the Province of British Columbia. The Company believes that the credit risk of default for these assets is low. As at March 31, 2025, the Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's management of credit risk has not changed during the period ended March 31, 2025, from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital of \$838,834 as at March 31, 2025 and anticipates that it can meet its financial obligations as they become due in the current fiscal year. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms. The Company's management of liquidity risk has not changed during the period ended March 31, 2025 from that of the prior year.

The following are the contractual maturities of financial liabilities as at March 31, 2025:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade and other payables	73,552	73,552	73,552	-	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk. The Company is not exposed to significant interest rate risk as the Company has no interest-bearing debt. The Company does not hold any equity securities; as such, the Company is not exposed to material other price risk. The Company's management of market risk has not changed during the period ended March 31, 2025, from that of the prior year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. A portion of the Company's exploration property expenditures are intended to be incurred in United States dollars. A change in the foreign exchange rate as at March 31, 2025 of +/- 10% would have an impact of \$20,349 on profit or loss.

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12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its E&E Assets, pursue the acquisition and exploration of other mineral interests, and maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in Equity to be capital, which totalled \$4,656,140 at March 31, 2025 (December 31, 2024: \$4,616,989). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

13. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in both Canada and the United States:

	March 31, 2025			December 31, 2024		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Current assets	907,449	4,937	912,386	806,318	74,421	880,739
Reclamation bonds	120,000	-	120,000	120,000	-	120,000
Equipment	2,822	-	2,822	3,048	-	3,048
Exploration and evaluation assets	3,079,369	1,039,559	4,118,928	2,996,759	1,191,864	4,188,623
Total assets	4,109,640	1,044,496	5,154,136	3,926,125	1,266,285	5,192,410
Total liabilities	429,782	27,214	456,996	506,961	68,460	575,421

14. SUBSEQUENT EVENTS

a) Private Placement

On April 7, 2025, the Company completed the first tranche of a non-brokered private placement (the "2025 Unit Offering") consisting of 9,377,750 units priced at \$0.16 (each, a "Unit") for gross proceeds of \$1,500,440. Each Unit is comprised of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.24 per share for a two year term. \$Nil of the Unit Offering was allocated to the warrants. Finder's fees of \$17,808 and 111,300 finder warrants exercisable into common shares at \$0.24 for a two year term were paid on a portion of the placement. NewQuest and two directors and members of key management of the Company purchased a total of 612,500 Units for total proceeds of \$98,000. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

On May 2, 2025, the Company completed the final tranche of the 2025 Unit Offering consisting of 875,000 Units for gross proceeds of \$140,000.

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14. SUBSEQUENT EVENTS (CONTINUED)

b) Warrant Expiry

On April 25, 2025, 1,683,671 warrants exercisable at \$0.40 per share expired unexercised.

On May 4, 2025, 1,386,363 warrants exercisable at \$0.40 per share expired unexercised.

On May 5, 2025, 196,650 warrants exercisable at \$0.40 per share expired unexercised.