# AMERICAN COPPER DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 2024 and 2023

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
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# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of American Copper Development Corporation**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of American Copper Development Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated 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 IFRS Accounting 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 consolidated financial statements, which indicates that the Company has no source of operating revenue and has a working capital deficiency of $435,481 as at December 31, 2024 and is therefore dependent upon the future receipt of financing to maintain its operations. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

**Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is James D. Gray.

De Visser Gray LLP

**Chartered Professional Accountants**

Vancouver, BC, Canada
April 4, 2025

**AMERICAN COPPER DEVELOPMENT CORPORATION**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 100,428 | $ 1,523,045 |
| Prepaids (Note 4) | 1,756 | 34,057 |
| Receivables (Note 6) | 18,211 | 42,301 |
| | 120,395 | 1,599,403 |
| **Reclamation bond** (Note 5) | 103,839 | 103,839 |
| **Exploration and evaluation assets** (Note 3) | 1 | 20,622,650 |
| | $ 224,235 | $ 22,325,892 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 3, 7 and 8) | $ 555,876 | $ 2,708,390 |
| **Non-current liabilities** | | |
| Accrued liabilities (Note 3 and 7) | - | 2,500,000 |
| | 555,876 | $ 5,208,390 |
| **Shareholders' equity** | | |
| Share capital (Note 9) | 19,515,324 | 19,394,861 |
| Contributed surplus (Note 9) | 683,273 | 683,273 |
| Deficit | (20,530,238) | (2,960,632) |
| | (331,641) | 17,117,502 |
| | $ 224,235 | $ 22,325,892 |

**Nature and Continuance of Operations (**Note 1)
**Subsequent event** (Note 14)

**On behalf of the Board:**

*"Daniel Schieber"* Director *"Stuart Ross"* Director

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

**AMERICAN COPPER DEVELOPMENT CORPORATION**
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

| | For the Years Ended December 31, 2024 | For the Years Ended December 31, 2023 |
|---|---|---|
| **EXPENSES** | | |
| Consulting fees (Note 8) | $ 298,274 | $ 494,242 |
| Investor relations | 4,807 | 269,841 |
| Office | 47,767 | 118,396 |
| Professional fees | 69,811 | 129,977 |
| Rent | 24,000 | 29,375 |
| Regulatory and transfer agent | 43,297 | 48,057 |
| | (487,956) | (1,089,888) |
| **OTHER ITEMS** | | |
| Foreign exchange | 8,629 | (134,450) |
| Impairment of exploration and evaluation assets | (17,114,259) | - |
| Interest income | 23,980 | 120,656 |
| **Loss and comprehensive loss for the year** | $ (17,569,606) | $ (1,103,682) |
| **Loss per common share** | | |
| -Basic and diluted | $ (0.95) | $ (0.06) |
| **Weighted average number of common shares outstanding** | | |
| -Basic and diluted | 18,462,665 | 17,754,582 |

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

**AMERICAN COPPER DEVELOPMENT CORPORATION**
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

| | For the Years Ended December 31, 2024 | For the Years Ended December 31, 2023 |
|---|---|---|
| **CASH FLOWS TO OPERATING ACTIVITIES** | | |
| Loss for the year | $ (17,569,606) | $ (1,103,682) |
| Items not involving cash: | | |
| Impairment of exploration and evaluation assets | 17,114,259 | - |
| Changes in non-cash working capital items: | | |
| Decrease (Increase) in receivables | 24,090 | (515) |
| Decrease in prepaids | 32,301 | 344,003 |
| Increase in accounts payable and accrued liabilities | 17,957 | 75,514 |
| Net cash used in operating activities | (380,999) | (684,680) |
| **CASH FLOWS TO INVESTING ACTIVITY** | | |
| Exploration and evaluation assets | (1,041,618) | (4,971,586) |
| Reclamation bond | - | (103,839) |
| Net cash used in investing activity | (1,041,618) | (5,075,425) |
| **CASH FLOWS FROM FINANCING ACTIVITY** | | |
| Proceeds from the issuance of shares, net of issue costs | - | 35,000 |
| Net cash provided by financing activity | - | 35,000 |
| **Net decrease in cash during the year** | (1,422,617) | (5,725,105) |
| **Cash, beginning of the year** | 1,523,045 | 7,248,150 |
| **Cash, end of the year** | $ 100,428 | $ 1,523,045 |

**Supplemental disclosure with respect to cash flows** (Note 10)

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

**AMERICAN COPPER DEVELOPMENT CORPORATION**
CONSOLIDATION STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

| | Share Capital | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares | | Amount | | Contributed Surplus | | Deficit | | Total |
| Balance, December 31, 2022 | 82,487,431 | $ | 17,320,300 | $ | 701,584 | $ | (1,856,950) | $ | 16,164,934 |
| Property acquisition costs (Note 3 and 9) | 8,250,000 | | 2,021,250 | | - | | - | | 2,021,250 |
| Shares issued for cash (Note 9) | 350,000 | | 35,000 | | - | | - | | 35,000 |
| Reclassification on the exercise of warrants | - | | 18,311 | | (18,311) | | - | | - |
| Loss for the year | - | | - | | - | | (1,103,682) | | (1,103,682) |
| Balance, December 31, 2023 | 91,087,431 | $ | 19,394,861 | $ | 683,273 | $ | (2,960,632) | $ | 17,117,502 |
| Property acquisition costs (Note 3 and 9) | 1,814,823 | | 120,463 | | - | | - | | 120,463 |
| Loss for the year | - | | - | | - | | (17,569,606) | | (17,569,606) |
| Balance, December 31, 2024 | 92,902,254 | $ | 19,515,324 | $ | 683,273 | $ | (20,530,238) | $ | (331,641) |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

American Copper Development Corporation (the "Company") was incorporated on February 5, 2020, under the laws of British Columbia. The Company's head office is located at 710 – 1030 West Georgia Street, Vancouver, BC, and its registered and records office is located at 2600 – 1066 West Hastings Street, Vancouver, B.C. To date, the Company has not earned operating revenue. The Company trades on the Canadian Securities Exchange ("CSE") under the trading symbol "ACDX" and the OTCQB under the symbol "ACDXF".

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether such properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements are presented on a going concern basis, when contemplating the Company's continuing capacity to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2024, the Company has no source of operating revenue and has a working capital deficiency of $435,481. The Company expects to incur further losses in the development of its operations. The Company's ability to continue its operations and to realize its assets at their carrying values will likely be dependent upon obtaining additional equity financing on terms which are acceptable to the Company or generating sufficient revenues to cover its operating costs. These factors are indicative of the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

These 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 thus 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 consolidated financial statements. Those differences would likely be material.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### Statement of compliance

These consolidated financial statements have been prepared in accordance with IAS 1 'Presentation of Financial Statements' ("IAS 1") using accounting policies consistent with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 4, 2025.

### Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements of the Company include the balances of its wholly-owned subsidiary, American Copper NMX, Inc.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

### Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. If estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

### Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Any premium obtained on the issue of the flow-through shares, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carryforwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

### Foreign currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

**Income tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or

receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

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.

**Financial instruments**

i) Classification

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

ii) Measurement

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's accounts payable and accrued liabilities are carried at amortized cost.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations in the period in which they arise. The Company's cash is classified as FVTPL.

iii) Impairment of financial assets at amortized cost

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased

**2. MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd…)

significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss

allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

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

**Significant accounting estimates and judgments**

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include evaluating the potential impairment of exploration and evaluation assets and share-based payments.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

**Impairment**

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined

**2. MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd…)

for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount does not exceed what the amortized cost would have been had the impairment not been recognized.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. The fair value of common shares issued is measured with reference to the value associated with cash financings involving arm's-length parties.

**Share-based compensation**

The fair value of options or compensatory warrants granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services like those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed surplus to share capital.

The fair value of options granted is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value is measured using the Black-Scholes option pricing model considering the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Share-based compensation to non-employees, who are not providing similar services to employees, are measured at the grant date by using the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received.

### Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

### Provisions

*Rehabilitation provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the year in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no rehabilitation obligations for the periods presented.

### Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is not presented as the effect on loss per share is anti-dilutive.

### Future changes in accounting policy

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2024, and have not been applied in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

## 3. EXPLORATION AND EVALUATION ASSETS

| | Chuchi ($) | Lordsburg ($) | Total ($) |
|---|---|---|---|
| **Acquisition costs** | | | |
| Balance, December 31, 2022 | 132,760 | 13,035,872 | 13,168,632 |
| Cash | - | 50,000 | 50,000 |
| Common shares | 2,021,250 | - | 2,021,250 |
| Claim maintenance | - | 361,638 | 361,638 |
| Staking fees | - | 118,945 | 118,945 |
| Advanced royalties | - | 65,335 | 65,335 |
| Annual surface rental | - | 25,394 | 25,394 |
| Transaction costs | 52,834 | - | 52,834 |
| | 2,074,084 | 621,312 | 2,695,396 |
| Balance, December 31, 2023 | 2,206,844 | 13,657,184 | 15,864,028 |
| Cash | - | 715,000 | 715,000 |
| Claim maintenance | - | 263,347 | 263,347 |
| Common shares | 18,750 | 101,713 | 120,463 |
| Annual surface rental | - | 27,627 | 27,627 |
| Property acquisition obligation reduction | - | (5,000,000) | (5,000,000) |
| Acquisition obligation | - | 350,000 | 350,000 |
| | 18,750 | (3,542,313) | (3,523,563) |
| Impairment | (2,225,594) | (10,114,870) | (12,340,464) |
| Balance, December 31, 2024 | **-** | **1** | **1** |
| **Deferred exploration costs** | | | |
| Balance, December 31, 2022 | 217,432 | 686,787 | 904,219 |
| Consulting | - | 811 | 811 |
| Drilling | - | 2,794,224 | 2,794,224 |
| Field | 8,222 | 172,941 | 181,163 |
| Geochemistry | - | 218,101 | 218,101 |
| Geological | - | 558,395 | 558,395 |
| Geophysical | - | 130,058 | 130,058 |
| BC METC refund | (28,349) | - | (28,349) |
| | (20,127) | 3,874,530 | 3,854,403 |
| Balance, December 31, 2023 | **197,305** | **4,561,317** | **4,758,622** |
| Consulting | - | 1,151 | 1,151 |
| Field | - | 3,662 | 3,662 |
| Geological | - | 10,360 | 10,360 |
| | - | 15,173 | 15,173 |
| Impairment | (197,305) | (4,576,490) | (4,773,795) |
| Balance, December 31, 2024 | - | - | - |
| **Total exploration and evaluation assets:** | | | |
| December 31, 2023 | **2,404,149** | **18,218,501** | **20,622,650** |
| December 31, 2024 | **-** | **1** | **1** |

## 3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

### Lordsburg Property- Acquisition

On August 9, 2022, the Company completed an asset purchase agreement (the "Transaction") to acquire certain mineral property interests located in the State of New Mexico (the "Lordsburg Property") from Pyramid Peak Mining, LLC ("PPM"), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP, and Mason Resources (US) Inc. ("Mason") for the following consideration:

i. issuance to Mason of 9,896,591 common shares of the Company (valued at $2,474,148) and the granting of a 0.5% net smelter return ("NSR") royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to a pre-existing NSR of 2%) and a 1.5% NSR royalty on all minerals produced from the lands purchased from Mason; and

ii. issuance to PPM or its designee of 16,280,000 common shares (valued at $4,070,000), a cash payment of $500,000, the granting of a 0.5% NSR royalty on all minerals produced from the lands purchased from Mason and the granting of a 1.5% NSR royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to pre-existing NSRs between 2% and 5% and a production lease payment of $0.50 for each ton of rock or gravel or a 0.5% NSR.). The Company also entered into a milestone payment rights agreement with PPM (the "Milestone Agreement") whereby the Company will provide PPM with the transferable right to receive cash (or subject to the terms of the original Milestone Agreement, common shares). The original Milestone Agreement was amended on August 5, 2023, to extend the due date of the First Milestone Payment of $1,000,000 to May 5, 2024 in consideration for the payment of monthly $10,000 payments (paid) until the earlier of i) the completion by the Company of a minimum $2,000,000 equity financing, and ii) May 5, 2024. The amount of the First Milestone Payment, and the dates and amounts of the subsequent Milestone payments, remained unchanged, those being $1,500,000 on August 5, 2024, and $2,500,000 on August 5, 2025. On May 7, 2024, the Company entered into an Amendment and Termination Agreement resulting in a $4,600,000 reduction of the Milestone Payments. As consideration the Company will pay $625,000 (paid), issue 1,564,823 common shares (issued), and then pay revised future Milestone Payments of $50,000 in August 2024 (paid) and $350,000 in August 2025. At December 31, 2023 and 2022, the milestone payments were accrued at their aggregate undiscounted amounts, as additional property acquisition costs, and divided into current and non-current components. The negotiated changes to the Milestone Payments were accounted for prospectively and as adjustments to property acquisition payments. The amounts incurred to renegotiate the payments were recorded as property acquisition payments.

The Lordsburg property is pledged as security against the property Milestone Payments due.

## 3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

In conjunction with the Lordsburg acquisition, the Company also assumed all obligations under an agreement dated October 7, 2020, between Soloro Cobalt and Gold Corporation and PPM, whereby PPM obtained the option to acquire a 100% undivided interest in the Soloro claims located contiguous to the claims comprising the Lordsburg property. The agreement dated October 7, 2020, was amended on March 27, 2023, August 23, 2023 and October 1, 2024. To exercise the option, the Company must pay US$165,000 in advance royalties over a six-year period (US$15,000 paid by PPM and US$100,000 paid by the Company). The option period can be extended for an additional five years subject to an annual US$100,000 advance royalty. The Company will also be responsible for all claim maintenance fees and must incur US$250,000 in property exploration expenditures by April 30, 2023 (incurred), and an additional US$1,500,000 by October 7, 2025. If the option period is extended the property exploration expenditures must be made by October 7, 2029.

In connection with the Lordsburg Property acquisition, the Company incurred $270,426 of costs to complete the property acquisition, consisting of legal fees and a technical report, and paid a finder's fee on the property by issuing 1,720,000 common shares valued at $430,000, all of which are recorded within exploration and evaluation assets as transaction costs.

**Lordsburg Property- Comstock Project**

Pursuant to a mining lease with option to purchase agreement dated December 1, 2022 ("Lease Agreement"), the Company was granted a mining lease on the Comstock Project located contiguous to the Lordsburg property described above. The mining lease has a five-year exploration period and a further five-year development period. To maintain the mining lease, the Company will be responsible for property exploration expenditures, which will be at the discretion of the Company, pay US$50,000 in Lease Payments over a five-year period (US$20,000 paid) and pay US$110,000 in advance royalties over a five-year period once the Company elects to enter the defined development period. The Company and the Lessor agreed to extend the second anniversary lease payment to June 30, 2025.

Pursuant to the mining lease, the optionor will receive a 4.0% NSR royalty and the Company will have the right, at any time prior to commercial production, to purchase 2.0% of the NSR for an aggregate of US$1,000,000. To exercise the option the Company must pay US$3,000,000 in cash or cash equivalents, as mutually agreed upon, less advance royalties or NSR amounts paid.

During the year ended December 31, 2024, the Company determined that the carrying value of its interest in the Lordsburg property was impaired because no additional expenditures, at this time, are planned for the property. The Company accordingly wrote off acquisition and exploration expenditures on the property of $14,691,360 as an impairment of exploration and evaluation assets. However, the Company maintains its ownership interest in all components of the property as at December 31, 2024. If the carrying amount of a property interest is impaired and evidence supporting a revised measure of its recoverable amount is not adequate or available, it is be presented at a nominal amount as long as the Company's ownership rights to the property are maintained.

**Chuchi Project**

The principal properties comprising the Chuchi Project are Chuchi South and Chuchi West properties and are summarized below.

Chuchi South Property

Pursuant to an option agreement dated February 10, 2020, the Company was granted an option to acquire a 100% undivided intertest in the Chuchi South Project, located in the Omineca Mining Division, British Columbia. To exercise the option the Company initially had to pay $510,000 in cash, incur $350,000 in exploration expenditures reimburse the optionor for $20,000 in previous property expenditures (paid) and issue 1,500,000 of its common shares over a 5-year period (1,000,000 issued of which 250,000 were issued in 2024).

(Expressed in Canadian Dollars)

## 3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The Company amended and restated its agreement with the optionor, whereby the Company and Pacific Ridge Exploration ('PEX') may now jointly acquire a 100% undivided interest in the Chuchi South property. The Company will obtain a 49% interest by issuing additional 1,000,000 common shares in stages, and paying an additional $150,000 in cash, on or before December 31, 2027.

Under this amended agreement, PEX will acquire a 51% interest in the property by paying the optionor $100,000 in cash (including $50,000 paid on signing) and agreeing to incur approximately $3.97 million in exploration expenditures on the property, in stages prior to December 31, 2027.

Pursuant to the amended agreement, the optionor will receive a 2.0% NSR royalty and the PEX and the Company will have the right at any time to purchase the NSR for an aggregate amount of $1,500,000.

On February 13, 2028, and each subsequent anniversary of that date until commercial production begins, the Company and PEX will pay the optionor an advance royalty payment of $25,000, where the cumulative advance royalty payments paid will be credited towards any future NSR payments due.

The Company and PEX will pay to the optionor $1,500,000 upon completion of a feasibility study resulting in a positive decision to commence commercial production on the property.

<u>Chuchi West Property</u>

Pursuant to a purchase agreement dated March 3, 2023, the Company acquired a 100% undivided interest in the Chuchi West property, located contiguous to the Company's pre-existing Chuchi South property. As consideration, the Company issued 8,000,000 common shares to a third-party vendor.

The Company has granted PEX the option to also acquire a 51% interest in the Chuchi West Property if it satisfies the requirements in the amended agreement in respect to the Chuchi South property, as described above in Note 3. In addition, PEX has the option to increase its interest in both the Chuchi West and Chuchi South properties (collectively, 'the Properties') to 75% by paying the Company cash of $400,000 and incurring $4,000,000 in exploration expenditures on the Properties as follows:

i. No later than January 30, 2028, pay the Company $250,000.
ii. On of before December 31, 2028, incurring additional exploration expenditures of not less than $2,000,000 and paying the Company $75,000.
iii. On or before December 31, 2029, incurring additional exploration expenditures of not less than $2,000,000 and paying the Company $75,000.

The optioner of the Chuchi South property will also receive a 2.0% NSR royalty on the Chuchi West property and the Company and PEX will have the right at any time to purchase that NSR for an aggregate amount of $1,500,000.

During the year ended December 31, 2024, the Company terminated the option agreements on the Chuchi project. The Company accordingly wrote off acquisition and exploration expenditures on the property of $2,422,899 as impairment of exploration and evaluation assets.

## 4. PREPAIDS

| | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Prepaid expenses | $ | 1,756 | $ | 34,057 |
| Total | $ | 1,756 | $ | 34,057 |

(Expressed in Canadian Dollars)

## 5. RECLAMATION BOND

The Company has a refundable reclamation bond related to its Lordsburg property in the state of New Mexico, USA for $103,839 (US$78,511) (2023 - $103,839).

## 6. RECEIVABLES

The Company's receivable primarily arises from refundable sales tax from government taxation authorities in Canada.

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| GST receivables | $ 18,211 | $ 40,489 |
| Other receivables | - | 1,812 |
| Total receivables | $ 18,211 | $ 42,301 |

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| **Current Liabilities:** | | |
| Trade payables | $ 160,110 | $ 178,256 |
| Accrued liabilities **(1)** | 395,766 | 2,530,134 |
| | $ 555,876 | $ 2,708,390 |
| **Non-current Liabilities:** | | |
| Accrued Liabilities **(1)** | $ - | $ 2,500,000 |

**(1)** The Company entered into an Amendment and Termination Agreement on the Lordsburg Property, resulting in a reduction of the Milestone Payments (Note 3).

## 8. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the year ended December 31, 2024 and 2023 were:

| | 2024 | 2023 |
|---|---|---|
| **Short-term benefits paid or accrued:** | | |
| Consulting fees | $ 232,774 | $ 318,742 |
| **Total remuneration** | $ 232,774 | $ 318,742 |

Included in accounts payable and accrued liabilities as at December 31, 2024 was $16,281 (December 31, 2023– $9,333) owed to the officers of the Company. Amounts owing to related parties are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian Dollars)

## 9. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the year ended December 31, 2024, the Company had the following share capital transactions:

(1) The Company issued 250,000 common shares for the acquisition of exploration and evaluation assets (Chuchi South Property) at a fair value of $18,750 (Note 3).

(2) The Company issued 1,564,823 common shares for the acquisition of exploration and evaluation assets (Lordsburg Property) at a fair value of $101,713 (Note 3).

During the year ended December 31, 2023, the Company had the following share capital transactions:

(1) The Company issued 8,250,000 common shares for the acquisition of exploration and evaluation assets at a fair value of $2,021,250 (Note 3).

(2) The Company issued 350,000 common shares on the exercise of warrants for proceeds of $35,000.

**Escrow Shares**

At December 31, 2024, there were 3,598,978 (December 31, 2023 – 600,000) shares held in escrow with the Company's registrar and transfer agent. The common shares are subject to timed releases as follows:

- 10% released upon the date of a fundamental change (August 30, 2022)
- 15% released every six months thereafter until all escrow shares have been released (thirty-six months following the date of fundamental change).

**Stock Options**

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion grant to directors, officers, employees and technical consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years.

As at December 31, 2024, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

| Number of Stock options | Exercise Price | Expiry Date | Exercisable | Weighted Average Life Remaining |
|---|---|---|---|---|
| 900,000 | $0.10 | January 18, 2026 | 900,000 | 1.05 |
| 3,850,000 | $0.25 | September 9, 2027 | 3,850,000 | 2.69 |
| 25,000 | $0.26 | December 7, 2027 | 25,000 | 2.93 |
| 4,775,000 | | | 4,775,000 | 2.38 |

(Expressed in Canadian Dollars)

**9. SHARE CAPITAL AND RESERVES** (cont'd…)

Stock option transactions are summarized as follows:

| | Number of Stock Options | Weighted Average Exercise Price |
|---|---|---|
| As at December 31, 2022 and 2023 | 5,125,000 | $ 0.22 |
| Expired | (350,000) | 0.25 |
| As at December 31, 2024 | 4,775,000 | $ 0.22 |

**Warrants**

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| As at December 31, 2022 | 385,000 | $ 0.25 |
| Exercised | (350,000) | (0.10) |
| Expired | (35,000) | (0.25) |
| As at December 31, 2024 and 2023 | - | $ - |

The weighted average remaining contractual life of warrants outstanding as at December 31, 2024 was Nil (December 31, 2023 – Nil) years.

The weighted average share price on the exercise date for the warrants exercised during the year ended December 31, 2024 is $Nil (December 31, 2023 - $0.23).

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the year ended December 31, 2024:

- accrued $12,604 of exploration and evaluation assets in accounts payable and accrued liabilities.
- issued 1,814,823 common shares for the acquisition of exploration and evaluation assets at a fair value of $120,463.

Significant non-cash transactions during the year ended December 31, 2023:

- accrued $33,075 of exploration and evaluation assets in accounts payable and accrued liabilities.
- issued 8,250,000 common shares for the acquisition of exploration and evaluation assets at a fair value of $2,021,250.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

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

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

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote as the Company has deposited cash in high credit quality financial institutions.

*Liquidity risk*

As of December 31, 2024, the Company had cash balance of $100,428 to settle current liabilities of $555,876. The Company is exposed to liquidity risk.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

*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 demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to assets, liabilities and expenditures that are denominated in USD.

*Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

(Expressed in Canadian Dollars)

## 12. CAPITAL MANAGEMENT

The Company defines the capital that it manages as the aggregate of share capital, contributed surplus and deficit.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company relies on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is enough economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

## 13. INCOME TAXES

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

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Loss for the year before tax | $ | (17,569,606) | $ | (1,103,682) |
| Effective statutory tax rate | | 24.85% | | 26.89% |
| Expected income tax recovery | $ | (4,366,463) | $ | (296,759) |
| Non-deductible permanent differences | | 3,587,345 | | (7,655) |
| True up of prior year differences | | (2,084,278) | | 310 |
| Deferred tax assets not recognized | | 2,863,395 | | 304,104 |
| Income tax expense | $ | - | $ | - |

The significant components of the Company's deferred tax balances are as follows:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Deferred tax assets (liabilities) | | | | |
| Exploration and evaluation assets | $ | 2,720,701 | $ | (16,441) |
| Non-capital loss carry forwards and share issue costs | | 812,997 | | 686,743 |
| Net deferred tax assets | $ | 3,533,698 | $ | 670,302 |
| Less: valuation allowance | $ | (3,533,698) | $ | (670,302) |
| Net deferred tax assets recognized | $ | - | $ | - |

Subject to certain restrictions, the Company has exploration and evaluation expenditures at December 31, 2024 of approximately $2,700,000 available to reduce taxable income in future years. The Company has Canadian non-capital losses available for possible deduction against future years' taxable income of approximately $2,567,000. The non-capital losses, if not utilized, will expire between 2040 and 2044. The Company also has US non-capital losses of approximately $436,000 available for possible deduction against future years and can be carried forward indefinitely. The Company has not recognized any future benefit for these tax losses, credits and resource deductions, as it is not considered likely that they will be utilized.

(Expressed in Canadian Dollars)

## 13. INCOME TAXES (cont'd…)

The Company's accumulated Canadian non-capital losses and years of expiry are as follows:

| Year of Expiry | Amount |
|---|---|
| 2040 | 40,000 |
| 2041 | 103,000 |
| 2042 | 742,000 |
| 2043 | 1,152,000 |
| 2044 | 530,000 |
| | $ 2,567,000 |

## 14. SUBSEQUENT EVENT

On February 24, 2025, the Company consolidated its common shares on the basis of five pre-consolidated common shares for one post-consolidated common shares of the Company. On March 20, 2025, the Company had 3 common shares returned to treasury due to the fractional rounding in connection with the consolidation of common shares of the Company.