

EAGLE ROYALTIES LTD.
FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For the years ended
December 31, 2024 and 2023

Independent Auditor's Report

To the Shareholders of Eagle Royalties Ltd

Opinion

We have audited the financial statements of Eagle Royalties Ltd (the "Company"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023 and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information

identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Hilda Leung.



**Chartered Professional Accountants
Vancouver, Canada
April 24, 2025**

EAGLE ROYALTIES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at December 31	2024	2023
Assets		
Current		
Cash	\$ 291,765	\$ 1,131,188
Term deposits	3,000,000	1,000,000
Accounts receivable	5,357	4,527
Prepaid expenses	50,406	36,632
	<u>3,347,528</u>	<u>2,172,347</u>
Investments (Note 5)	50,000	-
Royalty assets (Note 6)	<u>25,001</u>	<u>1</u>
	\$3,422,529	\$2,172,348
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 68,285	\$ 58,199
Due to related company (Note 8)	-	528,637
Income tax payable (Note 14)	152,206	-
	<u>220,491</u>	<u>586,836</u>
Shareholders' equity		
Share capital (Note 12)	10,283,378	10,283,378
Equity reserve	(7,456,171)	(7,456,171)
Contributed surplus (Note 12)	307,066	41,615
Retained earnings (Deficit)	67,765	(1,283,310)
	<u>3,202,038</u>	<u>1,585,512</u>
	\$3,422,529	\$2,172,348

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 10)

On behalf of the Board:

"Timothy J Termuende" Director
Mr. Timothy J. Termuende (Signed)

"Charles C. Downie" Director
Mr. Charles C. Downie (Signed)

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

EAGLE ROYALTIES LTD.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

For the years ended December 31	2024	2023
Operating expenses		
Office and administration costs (Note 8)	\$ 45,106	\$ 50,489
Professional fees (Note 8)	224,185	226,658
Reporting, filing and corporate governance	61,165	40,933
Wages and consulting fees (Note 8)	346,030	305,547
Trade shows, travel and promotion	111,324	44,821
Share-based payments (Notes 8 and 12)	265,451	-
	<u>(1,053,261)</u>	<u>(668,448)</u>
Other income (expense)		
Transaction costs	-	(432,500)
Gain on sale of royalties (Note 6)	3,750,000	-
Change in provision for note receivable (Note 6)	(1,250,000)	-
Other income	56,542	26,379
	<u>2,556,542</u>	<u>(406,121)</u>
Income (loss) before income taxes	1,503,281	(1,074,569)
Income taxes (Note 14)	<u>(152,206)</u>	<u>-</u>
Net and comprehensive income (loss) for the year	\$1,351,075	\$(1,074,569)
Earnings (loss) per share - basic and diluted	\$0.02	\$(0.03)
Weighted average number of shares outstanding - basic and diluted	57,060,310	35,328,533

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

EAGLE ROYALTIES LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended December 31	2024	2023
Cash flows from operating activities		
Income (loss) for the year	\$ 1,351,075	\$(1,074,569)
Adjustments for non-cash items:		
Share-based payments	265,451	-
Gain on sale of royalties	(3,750,000)	-
Change in provision for note receivable	1,250,000	-
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	(830)	1,365
Increase in prepaid expenses	(13,774)	(28,270)
Increase in accounts payable and accrued liabilities	10,086	27,729
Increase in income taxes payable	152,206	-
	<u>(735,786)</u>	<u>(1,073,745)</u>
Cash flows from financing activities		
(Repayments to) advances from related company	(528,637)	228,637
Proceeds from issuance of shares	-	103,528
Proceeds from exercise of EPL options and warrants	-	7,500
Share issue costs paid on behalf of 138	-	(243,342)
Cancellation of shares	-	(10)
	<u>(528,637)</u>	<u>96,313</u>
Cash flows from investing activities		
Cash acquired through amalgamation	-	3,014,160
Purchase of term deposits, net of redemption	(2,000,000)	(1,000,000)
Purchase of investments	(50,000)	-
Purchase of royalties	(25,000)	-
Sale of royalties	2,500,000	-
	<u>425,000</u>	<u>2,014,160</u>
Increase (decrease) in cash	(839,423)	1,036,728
Cash, beginning of year	<u>1,131,188</u>	<u>94,460</u>
Cash, end of year	\$ 291,765	\$1,131,188

The Company made no cash payments for income taxes during the years presented.

The Company paid interest costs of \$7,479 (2023 - \$8,836).

The Company received cash payments of \$56,737 (2023 - \$26,184) for interest.

As at December 31, 2024, the Company had a \$3,000,000 term deposit (2023 - \$1,000,000) that matures on July 4, 2025 and earns interest at 4.45% per year.

Non-cash investing and financing activities:	2024	2023
Shares issued to acquire net assets of 138	\$ -	\$2,716,178
Warrants issued to acquire net assets of 138	\$ -	\$ 41,615

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

EAGLE ROYALTIES LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital Shares	Amount	Equity Reserve	Contributed Surplus	(Deficit) Retained earnings	Total
Balance, December 31, 2022	100	\$ 10	\$ -	\$ -	\$(208,741)	\$(208,731)
Shares issued to Eagle Plains and Eagle Plains shareholders on spin-out	41,998,333	7,559,700	(7,456,171)	-	-	103,529
Shares and warrants issued to 138 shareholders on amalgamation	15,011,978	2,716,178	-	41,615	-	2,757,793
Shares issued on exercise of options	33,333	3,750	-	-	-	3,750
Shares issued on exercise of warrants	16,666	3,750	-	-	-	3,750
Cancellation of incorporation shares	(100)	(10)	-	-	-	(10)
Loss for the year	-	-	-	-	(1,074,569)	(1,074,569)
Balance, December 31, 2023	57,060,310	10,283,378	(7,456,171)	41,615	(1,283,310)	1,585,512
Share-based payments	-	-	-	265,451	-	265,451
Income for the year	-	-	-	-	1,351,075	1,351,075
Balance, December 31, 2024	57,060,310	\$10,283,378	\$(7,456,171)	\$307,066	\$ 67,765	\$3,202,038

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

December 31, 2024

1. Nature and Continuance of Operations

Eagle Royalties Ltd. ("Eagle Royalties" or the "Company" or "ER") was incorporated on January 21, 2022 under the laws of the province of Alberta as a wholly-owned subsidiary of Eagle Plains Resources Ltd. ("Eagle Plains" or "EPL"). The Company was incorporated to manage the royalty portfolio of Eagle Plains. On February 28, 2023, Eagle Plains entered into an arrangement agreement with ER, and ER entered into an amalgamation agreement with 2513756 Alberta Ltd., formerly 1386884 BC Ltd. ("138") whereby, among other things EPL transferred a majority of its portfolio of royalty interests (the "Royalties") to Eagle Royalties, in exchange for certain shares of Eagle Royalties (the "Spin-out Shares") and thereafter, ER and 138 amalgamated, and the resulting issuer, Eagle Royalties Ltd. was listed on the Canadian Securities Exchange under the symbol "ER".

The Company is a junior resource company holding royalty interests over mineral exploration projects in Western Canada.

The corporate office and principal place of business is Suite 200, 44-12th Avenue South, Cranbrook, British Columbia, Canada.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2024, the Company had working capital of \$3,127,037 and retained earnings of \$67,765, mainly due to a one-off sale of certain royalties during the fiscal year. The Company has financed its operations primarily through the issuance of common shares and advances from Eagle Plains. In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

The Company's business may be affected by changes in political and market conditions, such as interest rates, tariffs, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent regional conflicts and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

These circumstances could have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Spin-out Transaction and Amalgamation

On February 28, 2023, Eagle Royalties entered into the following agreements:

- an arrangement agreement (the "Arrangement Agreement") with Eagle Plains pursuant to which Eagle Plains will, through a series of transactions, transfer a majority of its portfolio of royalty interests (the "Royalties") and cash of \$103,528 to the Company (the "Spin-out Transaction"); and
- an amalgamation agreement (the "Amalgamation Agreement") among Eagle Plains, the Company and 138, pursuant to which 138 and the Company will, immediately following the Spin-out Transaction, amalgamate and continue as one company (the "Resulting Issuer") under the name "Eagle Royalties Ltd." (the "Combination Transaction").

Under the Arrangement Agreement, for every Eagle Plains warrant or option outstanding as of Spin-out Transaction completion date that is exercised subsequently, the Company is required to issue 1/3 of a common share and will receive 1/3 proceeds from the warrant or option exercise.

The Spin-out Transaction and the Combination Transaction are collectively referred to herein as the "Transaction" and was completed on May 19, 2023.

Pursuant to the Spin-out Transaction, the Company issued an aggregate of 41,998,333 common shares to Eagle Plains (the "Spinco Shares") as consideration for royalty interests with a nominal carrying value and \$103,528 cash from EPL. Of the total Spinco Shares so issued, 5,176,425 Spinco Shares were retained by Eagle Plains and the remaining Spinco

December 31, 2024

2. Spin-out Transaction and Amalgamation - continued

Shares (i.e., 36,821,908) were distributed to shareholders of the Eagle Plains by way of a return on capital on a 1:3 basis. In accordance with the Arrangement Agreement, Spinco Shares are subject to escrow considerations whereby 20% of the total distributed shares would be released at the closing of the Transaction and 20% every 90 days thereafter over one year.

Concurrent with the Transaction, 138 completed a private placement financing (the "Concurrent Financing") raising gross proceeds of \$3,003,598 through the issuance of 10,011,978 units at a price of \$0.30 per unit. In connection with the Concurrent Financing, 138 paid commissions in cash and issued broker's warrants.

Pursuant to the Combination Transaction, the Company and 138 amalgamated, whereby each entity's shares and warrants were exchanged for shares and warrants of the Resulting Issuer on 1:1 basis. Following the completion of the Combination Transaction, the Resulting Issuer made an application for the listing of its common shares on the Canadian Securities Exchange and commenced trading May 25, 2023 under the symbol "ER".

As a result of the Combination Transaction, former holders of ER shares hold 41,998,333 common shares of the Resulting Issuer representing 74% and former holders of 138 shares hold 15,011,978 common shares of the Resulting Issuer representing 26%. The shareholders of ER, therefore, control the Resulting Issuer and is identified as the acquirer. The Combination Transaction does not constitute a business combination as 138 does not meet the definition of a business under IFRS 3: Business Combinations. As a result, the Combination Transaction has been accounted for as an asset acquisition by ER of 138's net assets in accordance with the guidance under IFRS 2: Share-based Payments, whereby all of the assets acquired and liabilities assumed from 138 are assigned a carrying amount based on their relative fair values, and the corresponding increase in equity was measured, directly, at the fair value of the net assets acquired. The fair value of the purchase price was then allocated between common shares and warrants issued on a pro-rata basis.

Net Assets Acquired

Cash	\$ 3,014,160
Accounts receivable	26,616
Accounts payable and accrued liabilities	(282,983)
	<u>\$ 2,757,793</u>

Purchase Price

Issuance of 15,011,978 common shares	\$ 2,716,178
Issuance of 5,562,404 warrants	41,615
	<u>\$ 2,757,793</u>

3. Basis of Preparation

(a) Statement of Compliance

The financial statements for the Company for the years ending December 31, 2024 and 2023 are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on April 24, 2025.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

December 31, 2024

3. Basis of Preparation - continued

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates and judgments include the accounting for the spin-out transaction and amalgamation, which mainly involve:

- Measurement of the assets received from Eagle Plains (at fair value or carrying value)
- Determination of acquirer
- Measurement of the shares issued by the Company to amalgamate with 138

Another area requiring the use of management estimate and judgment is the valuation of note receivable, which mainly involves the determination of whether the credit risk of note receivable has increased significantly since initial recognition and the measurement of the loss allowance for note receivable at an amount equal to the lifetime expected credit loss.

The assessment of going concern assumption involves management to exercise judgment to evaluate conditions impacting the Company. See Note 1.

4. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the material accounting policies summarized below:

a) Financial instruments

Cash and investments are recorded at FVTPL. Term deposits, accounts receivable, note receivable, accounts payable and accrued liabilities and due to related company initially recognized at fair value, are subsequently recorded at amortized cost using the effective interest rate method.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on 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 profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Investments are fair valued at the end of each reporting period. The fair value of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. For public company warrants (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as the Black-Scholes option pricing model are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security. To the extent that the market inputs are insufficient or unreliable, the warrants are valued at their intrinsic value, which is equal to the higher of the closing price of the underlying security less the exercise price of the warrant, or nil.

December 31, 2024

4. Material Accounting Policies - continued

b) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Repurchases by the Company of its own common shares under a Normal Course Issuer Bid ("NCIB") are accounted for in accordance with IAS 32, Financial Instruments: Presentation. Upon reacquiring common shares under a NCIB, the Company deducts from equity the purchase price of these common shares and any costs to acquire such common shares. Any such common shares held by the Company are considered treasury shares until they are cancelled.

c) Royalty assets

Royalty assets consist of net smelter return royalties on exploration stage mineral properties and are capitalized as intangible assets. They are initially recorded at cost and subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Depletion, using the units of production basis over the expected life of the related mineral property, commences when the mineral property enters the production stage. The expected life of the mineral property is determined using available estimates of future metal prices and future production. Proven and probable reserves and future production plans associated with the royalty assets as determined by the operators impact the measurement of the respective assets. These estimates affect the depletion of the royalty assets and the assessment of the recoverability of the carrying value of the royalty assets.

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's royalty assets are impaired. External sources of information that management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its royalty interests. Internal sources of information that management considers include the indications of economic performance of the assets.

In determining the recoverable amounts of the Company's royalty assets, management makes estimates of the discounted net cash flows expected to be derived from the Company's royalty assets, costs of disposal, and the appropriate discount rates and discount multiples that apply to the specific asset. Reductions in metal price forecasts, increases in estimated future costs of production for the mine operators, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's royalty assets.

d) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction: i) affects neither accounting nor taxable profit or loss; and ii) does not give rise to equal taxable and deductible temporary differences.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

December 31, 2024

4. Material Accounting Policies - continued

e) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The recoverable amount is the greater of the asset's fair value less costs of disposal 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. The impairment loss is recognized in profit or loss in the statement of comprehensive income (loss) for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Per share amounts

Basic earnings (loss) per common share are computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings (loss) per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

g) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based compensation. Otherwise, share-based compensation is measured at the fair value of goods or services received.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied; the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The fair value of the stock options that expire unexercised remains in contributed surplus.

December 31, 2024

4. Material Accounting Policies - continued

h) Common control transaction using predecessor carrying values

Prior to the Spin-out Transaction, Eagle Plains and the Company were controlled by the same shareholders; consequently, the entities were under common control at the time of the transaction. Business combinations involving entities under common control are outside the scope of IFRS 3: Business Combinations. IFRS provides no guidance on the accounting for these types of transactions and an entity is required to develop an accounting policy.

The three most common methods utilized are the purchase method, the predecessor values since inception method, and the predecessor values from date of transaction method. A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory.

Management has determined the predecessor values from date of transaction method to be most appropriate. This method requires the financial statements to be prepared using the predecessor carrying values without any step up to fair value. The difference between any consideration and the aggregate carrying value of the assets and liabilities is recorded as an equity contribution to subsidiary.

i) New accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for accounting years beginning after January 1, 2024, or later years. Updates that are not applicable to the Company have been excluded in the preparation of these financial statements.

The Company has adopted these accounting standards and amendments effective January 1, 2024.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. There was no significant impact to the financial statements as a result of the adoption of these amendments.

The following accounting standards and amendments are effective for future periods.

IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
3. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of the new standard.

December 31, 2024

5. Investments

The Company holds investments that have been designated as FVTPL as follows:

December 31, 2024		December 31, 2023	
Market Value	Cost	Market Value	Cost
\$ 50,000	\$ 50,000	\$ -	\$ -

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at each reporting date.

During the year ended December 31, 2024, the Company purchased 625,000 (2023 – nil) units in a publicly listed mineral resource company for \$50,000 cash. Each unit consists of one common share and one share purchase warrant exercisable at \$0.16 per common share until July 12, 2026. As at December 31, 2024, no value was assigned to the share purchase warrants as the underlying value was immaterial.

6. Royalty Assets

The Company holds royalties on a large number of projects in western Canada covering a broad spectrum of metals and industrial mineral projects including gold, silver, base-metals, diamonds and gypsum.

In August 2024, the Company purchased a royalty interest equal to 1% of net smelter returns derived from a portfolio of mineral claims located in Nevada for cash of \$25,000.

On June 12, 2024, the Company entered into a royalty sale agreement (the "Agreement") with an arm's-length British Columbia based private company, Royal Uranium Inc. ("Royal Uranium") and its wholly-owned subsidiary, 1485568 B.C. Ltd. ("568"). Under the terms of the Agreement, the Company sold 12 uranium royalties to 568 (the "Transaction") for an aggregate amount of \$3,750,000. The total purchase price paid by Royal Uranium comprised of (i) a cash payment of \$2,500,000 (received); and (ii) a secured promissory note (the "Note") of \$1,250,000. The Note allows Royal Uranium to pay a portion of the principal amount in cash (i.e., \$500,000) and the remaining portion (i.e., \$750,000) either in cash or through the issuance of common shares, at Royal Uranium's sole discretion.

The Note will initially mature on the earlier of: (i) December 14, 2025; (ii) the date on which Royal Uranium successfully completes a going public transaction; or (iii) upon the occurrence of an event of default. The Note includes penalty provisions if Royal Uranium has not completed its planned going-public transaction by the initial maturity date. Royal Uranium and the Issuer may jointly agree to extend the maturity date to June 14, 2026, subject to certain additional penalty provisions against Royal Uranium. In the event of default, the royalties will revert back to the Company.

The Company recognized a gain on sale of royalties in the amount of \$3,750,000 as the carrying value of the royalties was \$nil. At December 31, 2024, management determined the credit risk on the note receivable increased significantly since initial recognition, thus the Company recorded a provision of \$1,250,000, which equals to the lifetime expected credit loss of the note receivable, in profit or loss.

December 31, 2024

7. Financial Instruments

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 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Cash and investments are carried at fair value using a Level 1 fair value measurement. The carrying value of term deposits, accounts receivable, accounts payable and accrued liabilities and due to related company approximate their fair value because of the short-term nature of these instruments.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 291,765	\$ -	\$ -	\$ 291,765
Investments	50,000	-	-	50,000

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 1,131,188	\$ -	\$ -	\$ 1,131,188

December 31, 2024

7. Financial Instruments - continued

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to concentration risk, credit risk, price risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

a) Concentration risk

At December 31, 2024, substantially all of the Company's cash and term deposits were held at one recognized Canadian national financial institution. As a result, the Company was exposed to all of the risks associated with that institution.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with cash and term deposits is their carrying values on the statements of financial position.

See Note 6 for a note receivable with a contractual amount of \$1,250,000, which has an expected credit loss allowance of \$1,250,000 as at December 31, 2024

c) 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 earnings 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 earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2024 equal \$68,285. Accounts payable and accrued liabilities of \$68,285 are due within 30 days of December 31, 2024.

December 31, 2024

8. Related Party Transactions

The Company was involved in the following related party transactions during the year:

- (a) The Company is related to EPL through common directors. During the year the Company had the following transactions with the related company:

	2024	2023
Administrative services provided by EPL	\$ 13,395	\$ 16,068
Costs reimbursed to EPL	31,115	47,230
Spin-out costs due to EPL	-	(432,387)
Repayments to EPL	528,637	-
Interest paid to EPL, included in office and administration costs	7,479	8,836
Proceeds from exercise of EPL options/warrants	-	(7,500)
	\$ 580,626	\$ (367,753)

At December 31, 2024, \$8,840 (2023 - \$15,925) is included in accounts payable and accrued liabilities.

At December 31, 2024, \$nil (2023 - \$528,637) is included in due to related company.

- (b) Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate amount of expenditures paid or payable to key management personnel in the year was as follows:

	2024	2023
Consulting fees	\$ 112,920	\$ 110,420
Professional fees	42,000	50,000
Wages	135,878	68,000
Director fees	15,000	7,500
Share-based payments	204,732	-
	\$ 510,530	\$ 235,920

- (i) Included in wages and consulting fees is \$112,920 (2023 - \$110,420) paid or accrued for management services to a company owned by a director and officer of the Company.
- (ii) Included in professional fees is \$42,000 (2023 - \$50,000) paid or accrued for accounting services to officer and former officer of the Company.
- (iii) Included in wages and consulting fees is \$135,878 (2023 - \$68,000) paid or accrued for services to officers of the Company who are also directors.
- (iv) Director fees of \$15,000 (2023 - \$7,500) were paid or accrued to a director of the Company.
- (v) The Company granted 3,100,000 (2023 – nil) options, with an exercise price of \$0.30 (2023 - \$nil) and expiry dates of August 8, 2029 and November 14, 2029 (2023 – n/a), to directors of the Company and recorded share-based payments of \$204,732 (2023 - \$nil).
- (vi) At December 31, 2024, \$16,700 (2023 - \$nil) is included in accounts payable and accrued liabilities.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

9. Segmented information

The Company operates in a single reportable operating segment, being a junior resource company holding royalty interests.

December 31, 2024

10. Commitments and Contingencies

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification. The Company has included in officers' management contracts a change of control clause that would entitle them to compensation of twenty-four (24) months' salary or a lump sum payment as disclosed in their contract should such an event occur.

Under the Arrangement Agreement, for every Eagle Plains warrant or option outstanding as of Spin-out Transaction completion date that is exercised subsequently, the Company has to issue 1/3 of a common share and will receive 1/3 proceeds from the warrant or option exercise. As at December 31, 2024, the total commitment is for 9,565,000 options exercisable at \$0.20 - \$0.24 with expiry dates of May 29, 2025 to January 6, 2028 and 3,785,529 warrants exercisable at \$0.25 with expiry date of July 11, 2025.

11. Capital Management

The Company includes cash, term deposits and shareholders' equity, comprising of issued common shares and retained earnings (deficit), in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of royalty interests. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2024 and 2023. The Company is not subject to externally imposed capital requirements.

12. Equity Instruments

(a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of preference shares, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

(b) Issued and outstanding

At December 31, 2024, there were 57,060,310 (2023 – 57,060,310) shares outstanding.

There was no share issuance during the year ended December 31, 2024.

During the year ended December 31, 2023:

- 41,998,333 shares were issued to Eagle Plains shareholders and Eagle Plains as part of the spin-out transaction (these shares are subject to escrow provisions for a period of one year, which ended on May 25, 2024).
- 15,011,978 shares were issued to 138 shareholders as part of the amalgamation (10,011,978 shares are subject to escrow provisions for a period of one year, which ended on May 25, 2024).
- 16,666 shares were issued on the exercise of Eagle Plains warrants for proceeds of \$3,750.
- 33,333 shares were issued on the exercise of Eagle Plains options for proceeds of \$3,750.

(c) Normal Course Issuer Bid ("NCIB")

On September 16, 2024, the Company filed a notice of NCIB with regulators to purchase shares for cancellation, from time to time, as the Company considers advisable, up to 2,853,016 common shares of the Company, representing approximately 5.96% of the current public float of the common shares. The maximum number of shares available for daily repurchase is 5,909. The NCIB will terminate on September 17, 2025. During the year ended December 31, 2024, there were no common shares purchased for cancellation under the NCIB.

As at December 31, 2024, the Company had \$10,000 cash reserved with a broker for the NCIB.

December 31, 2024

12. Equity Instruments - continued

(d) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under Canadian Securities Exchange policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

On August 8, 2024, the Company issued incentive stock options to directors, employees and key consultants of the Company for the purchase of a total of 3,700,000 shares at an exercise price of \$0.30 per share, expiring August 8, 2029.

On November 14, 2024, the Company issued stock options to a director and a consultant of the Company for the purchase of 700,000 shares at an exercise price of \$0.30 per share, expiring November 14, 2029.

During the years ended December 31, 2024 and 2023, the Company had the following stock option activities:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2022 and December 31, 2023	-	\$ -
Granted	4,400,000	0.30
Balance, December 31, 2024	4,400,000	\$ 0.30

At December 31, 2024, the following table summarizes information about stock options outstanding:

Options Outstanding December 31, 2024	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
3,700,000	\$0.30	August 8, 2029	3,325,000	4.60 years
700,000	0.30	November 14, 2029	700,000	4.87 years
4,400,000	\$0.30		4,025,000	4.64 years

The Company valued the options granted in the year using the Black-Scholes option pricing model and the following weighted average assumptions:

	2024 Granted	2023 Granted
Expected annual volatility	100%	-
Expected risk free rate	2.93%	-
Expected term	5 years	-
Expected dividends	-	-
Share price at date of grant	\$0.11	-
Exercise price	\$0.30	-
Fair value on grant date	\$0.07	-

Expected volatility is estimated using the historical stock price of the Company.

December 31, 2024

12. Equity Instruments - continued

(e) Warrants outstanding

During the years ended December 31, 2024 and 2023, the Company had the following warrant activities:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2022	-	\$ -
Issued	5,562,404	0.50
Balance, December 31, 2023 and December 31, 2024	5,562,404	\$ 0.50

During the year ended December 31, 2023, the Company issued 5,562,404 warrants exercisable at \$0.50 for 2 years to 138 shareholders as part of the amalgamation.

As at December 31, 2024, the following table summarizes information about warrants outstanding:

Warrants Outstanding December 31, 2024	Exercise Price	Expiry Date	Weighted Average Remaining Life
5,562,404	\$0.50	May 18, 2025	0.38 years

13. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2024 of 57,060,310 (2023 – 35,328,533). For the year ended December 31, 2023, options and warrants were excluded as their effect on the calculation is anti-dilutive. The net effect of applying the treasury-stock method to the weighted average number of shares outstanding did not impact EPS for the years presented.

14. Income Taxes

As of December 31, 2024, the effective tax rate of income varies from the statutory rate as follows:

	2024	2023
Income (loss) before income taxes	\$ 1,503,281	\$ (1,074,569)
Statutory tax rates	27%	27%
Tax expense (recovery) at statutory rate	405,886	(290,134)
Permanent differences	72,182	-
Previously unrecognized tax loss used to reduce current tax expense	(247,000)	-
Changes in unrecognized tax benefits	(78,862)	290,134
Income tax expense (recovery)	\$ 152,206	\$ -

The summary of the Company's deductible temporary differences, unused tax losses, and unused tax credits is as following:

	2024	Expiry	2023	Expiry
Non-capital tax losses	\$ -	-	\$ 916,000	2042-2043
Royalty assets	\$ 75,000	None	\$ 366,000	None