

**RED CANYON RESOURCES LTD.**

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

**RED CANYON RESOURCES LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
**(UNAUDITED – SEE “NOTICE TO READER” BELOW)**

**NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements of Red Canyon Resources Ltd. and the accompanying condensed interim consolidated statements of financial position as at September 30, 2023 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the three and nine months ended September 30, 2023 and 2022 are the responsibility of the Company’s management.

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

*“Wendell Zerb”*

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Wendell Zerb  
Chief Executive Officer

November 29, 2023

*“Sandra Wong”*

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Sandra Wong  
Chief Financial Officer

November 29, 2023

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

	Note	September 30, 2023 \$	December 31, 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		1,728,973	269,396
Restricted cash		20,624	20,210
Amounts and other receivables		25,872	11,868
Prepaid expenses		4,143	3,296
Deferred share issuance costs		-	278
		1,779,612	305,048
<b>Non-current assets</b>			
Reclamation bonds	4	120,000	-
Equipment	5	2,413	883
Exploration and evaluation assets	6	1,465,914	1,015,386
Total assets		3,367,939	1,321,317
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	140,741	229,970
Flow-through premium liability	7	385,773	-
Total liabilities		526,514	229,970
<b>Equity</b>			
Share capital	7	3,387,644	1,463,841
Share-based payment reserve	7	278,053	233,538
Accumulated other comprehensive loss		(3,044)	(2,854)
Accumulated deficit		(821,228)	(603,178)
		2,841,425	1,091,347
Total liabilities and equity		3,367,939	1,321,317

Nature of operations and going concern (Note 1)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2023 and are signed on its behalf by:

                  /s/ "Wendell Zerb"                   Director                        /s/ "Cecil R. Bond"                   Director

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

# RED CANYON RESOURCES LTD.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED) FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
<b>Expenses</b>					
Accounting and audit		13,908	2,105	15,433	6,122
Consulting	9	-	338	640	29,991
Depreciation	5	131	95	322	284
Filing fees		25,062	-	27,380	750
General exploration		7,380	9,960	31,616	49,373
Investor communication		2,915	-	3,857	501
Legal		40,093	5	41,558	986
Management	9	25,590	8,886	68,313	26,808
Office		6,588	5,222	22,248	12,208
Salaries and benefits	9	32,148	13,966	72,180	43,799
Share-based payments	7, 8, 9	-	-	37,307	-
Travel		4,000	119	9,088	2,309
<b>Total expenses</b>		(157,815)	(40,696)	(329,942)	(173,131)
<b>Other income</b>					
Flow-through share premium	7	85,462	-	85,462	-
Finance income		13,234	1,369	25,662	2,334
Foreign exchange gain		19,501	37,282	768	46,752
<b>Total other income</b>		118,197	38,651	111,892	49,086
<b>Net loss</b>		(39,618)	(2,045)	(218,050)	(124,045)
<b>Other comprehensive loss</b>					
Items that may be reclassified to comprehensive income (loss):					
Cumulative translation adjustment		(1,548)	(1,774)	(190)	(2,357)
<b>Comprehensive loss</b>		(41,166)	(3,819)	(218,240)	(126,402)
<b>Loss per common share, basic and diluted</b>		0.00	0.00	(0.01)	0.00
<b>Weighted average number of common shares outstanding, basic</b>		34,932,720	25,986,450	31,273,469	25,932,040

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

# RED CANYON RESOURCES LTD.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Share Subscriptions \$	Share-based Payment Reserve \$	Accumulated Other Comprehensive Income (Loss) \$	Accumulated Deficit \$	Total \$
Balance, December 31, 2021	24,925,450	1,251,641	92,200	180,292	(247)	(344,299)	1,179,587
Shares issued for private placement (Note 7)	1,061,000	212,200	(92,200)	-	-	-	120,000
Share-based payments (Note 8)	-	-	-	22,764	-	-	22,764
Net loss for the period	-	-	-	-	-	(124,045)	(124,045)
Other comprehensive loss for the period	-	-	-	-	(2,357)	-	(2,357)
<b>Balance, September 30, 2022</b>	<b>25,986,450</b>	<b>1,463,841</b>	<b>-</b>	<b>203,056</b>	<b>(2,604)</b>	<b>(468,344)</b>	<b>1,195,949</b>
Balance, December 31, 2022	25,986,450	1,463,841	-	233,538	(2,854)	(603,178)	1,091,347
Shares issued for private placement (Note 7)	5,221,600	1,148,752	-	-	-	-	1,148,752
Shares issued for flow-through private placement (Note 7)	3,729,409	820,470	-	-	-	-	820,470
Share-based payments (Note 8)	-	-	-	37,307	-	-	37,307
Share issue costs (Note 7)	-	(45,419)	-	7,208	-	-	(38,211)
Net loss for the period	-	-	-	-	-	(218,050)	(218,050)
Other comprehensive income for the period	-	-	-	-	(190)	-	(190)
<b>Balance, September 30, 2023</b>	<b>34,937,459</b>	<b>3,387,644</b>	<b>-</b>	<b>278,053</b>	<b>(3,044)</b>	<b>(821,228)</b>	<b>2,841,425</b>

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

**RED CANYON RESOURCES LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022****(Expressed in Canadian Dollars)**

	September 30, 2023	September 30, 2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(218,050)	(124,045)
Items not involving cash:		
Depreciation	322	284
Unrealized foreign exchange	130	(41,900)
Share-based payments	37,307	-
Flow-through share premium	(85,462)	-
Changes in non-cash working capital accounts:		
Amounts and other receivables	(14,004)	14,628
Prepaid expenses	(847)	(9,324)
Trade and other payables	(69,140)	11,903
Cash used in operating activities	(349,744)	(148,454)
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(471,073)	(318,230)
Deposits for reclamation bonds	(120,000)	-
Purchase of equipment	(1,852)	-
Cash used in investing activities	(592,925)	(318,230)
<b>Financing activities</b>		
Proceeds from share issuances	2,440,457	120,000
Share issuance costs	(37,933)	-
Cash provided by financing activities	2,402,524	120,000
Effect of foreign exchange on cash	136	1,964
<b>Increase (decrease) in cash</b>	<b>1,459,991</b>	<b>(344,720)</b>
<b>Cash, beginning of period</b>	<b>289,606</b>	<b>788,316</b>
<b>Cash, end of period</b>	<b>1,749,597</b>	<b>443,596</b>
<b>Supplemental information</b>		
Cash on hand	1,728,973	423,470
Restricted cash	20,624	20,126
	1,749,597	443,596
Interest paid	-	-
Income taxes paid	-	-

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

# **RED CANYON RESOURCES LTD.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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

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

As at September 30, 2023, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The Company has not generated revenue or positive cash flows from operations, has recurring net losses and an accumulated deficit of \$821,228 at September 30, 2023 (December 31, 2022 - \$603,178). The Company’s ability to continue its operations, develop its properties and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors create a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

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

### **2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements for the nine-month period ended September 30, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of consolidated financial statements and should be read in conjunction with the Company’s 2022 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2022 annual consolidated financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2023. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the condensed interim consolidated financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on November 29, 2023.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

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

#### a) Basis of Consolidation

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

#### b) Foreign Currency Translation

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

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

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

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

#### c) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after January 1, 2023. New or amended accounting standards adopted on January 1, 2023 have not had a material impact on the Company's consolidated financial statements.

The Company has not early adopted new or amended standards with adoption dates subsequent to January 1, 2024 in preparing these consolidated financial statements. These new standards are either not applicable to the Company or are not expected to have a material impact on the Company's consolidated financial statements.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2022 annual consolidated financial statements.



# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 4. RECLAMATION BONDS

During the period ended September 30, 2023, the Company advanced cash reclamation bond deposits of \$120,000 directly to the Province of British Columbia. The bond deposits are returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land. The deposits were applied to the projects as follows:

	Peak \$	Ping \$	Kendal \$	SP \$	Total \$
Balance at December 31, 2021 and 2022	-	-	-	-	-
Additions	30,000	32,500	46,500	11,000	120,000
Balance at September 30, 2023	30,000	32,500	46,500	11,000	120,000

### 5. EQUIPMENT

	Computer Equipment \$	Field Equipment \$	Total \$
<b>Cost</b>			
Balance at December 31, 2021 and 2022	-	1,327	1,327
Additions	1,852	-	1,852
Balance at September 30, 2023	1,852	1,327	3,179
<b>Depreciation</b>			
Balance at December 31, 2021	-	66	66
Depreciation	-	378	378
Balance at December 31, 2022	-	444	444
Depreciation	123	199	322
Balance at September 30, 2023	123	643	766
<b>Carrying amounts</b>			
At December 31, 2021	-	1,261	1,261
At December 31, 2022	-	883	883
At September 30, 2023	1,729	684	2,413

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 6. EXPLORATION AND EVALUATION ASSETS

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

	British Columbia	Nevada	Utah	Total
	\$	\$	\$	\$
<b>Acquisition costs</b>				
Balance, December 31, 2021	12,916	169,396	118,867	301,179
Additions	23,335	50,378	15,452	89,165
Impairment	(2,640)	-	-	(2,640)
Foreign exchange	-	13,474	8,739	22,213
Balance, December 31, 2022	33,611	233,248	143,058	409,917
Additions	12,490	42,053	15,675	70,218
Foreign exchange	-	(81)	(144)	(225)
Balance, September 30, 2023	46,101	275,220	158,589	479,910
<b>Exploration costs</b>				
Balance, December 31, 2021	48,461	107,222	-	155,683
Additions				
Administration	22,764	-	-	22,764
Geology	204,923	26,331	117	231,371
Mapping and sampling	127,912	11,212	-	139,124
Project manager	43,254	1,436	-	44,690
Reports	17,717	-	-	17,717
BC Mineral Exploration Tax Credit	(14,538)	-	-	(14,538)
	402,032	38,979	117	441,128
Impairment	(909)	-	-	(909)
Foreign exchange	-	9,563	4	9,567
Balance, December 31, 2022	449,584	155,764	121	605,469
Additions				
Drilling	-	5,525	-	5,525
Geology	101,156	22,157	9,079	132,392
Geophysics	162,307	-	-	162,307
Prospecting, mapping, sampling	31,896	-	-	31,896
Project manager	30,533	-	-	30,533
Reports	1,600	16,204	-	17,804
	327,492	43,886	9,079	380,457
Foreign exchange	-	20	58	78
Balance, September 30, 2023	777,076	199,670	9,258	986,004
<b>Total acquisition costs and exploration expenditures</b>				
December 31, 2021	61,377	276,618	118,867	456,862
December 31, 2022	483,195	389,012	143,179	1,015,386
September 30, 2023	823,177	474,890	167,847	1,465,914

## **RED CANYON RESOURCES LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in Canadian Dollars)**

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **a) British Columbia Properties**

The Company holds a 100% interest in six mineral properties in British Columbia.

- (i) **Peak Property** - Peak is comprised of fifteen mineral claims totalling 6,718 hectares located in south central British Columbia, approximately 30 km northeast of Williams Lake. The Company acquired eleven of the claims by staking and one claim was purchased from an arm's length vendor for \$575 and a 1% net smelter return ("NSR") royalty that the Company may purchase for \$1,000,000 at any time.

During the year ended December 31, 2022, the Company received a British Columbia Mining Exploration Tax Credit ("METC") of \$3,408 which reduced the carrying value of the Peak Property.

- (ii) **SP Property** - SP Property was acquired by staking and is comprised of four mineral claims totalling 3,763 hectares located in south central British Columbia, approximately 50 km northeast of Williams Lake.

During the year ended December 31, 2022, the Company received a British Columbia METC of \$11,130 which reduced the carrying value of the SP Property.

- (iii) **Hatter Property** - Hatter was acquired by staking and is comprised of three mineral claims totalling 1,849 hectares located in south central British Columbia, approximately 20 km south of Merritt.

- (iv) **Kendal Property** - Kendal was acquired by staking and is comprised of five mineral claims totalling 2,738 hectares located in west central British Columbia, approximately 25 kilometres northeast of Terrace.

- (v) **Ping Property** - Ping was acquired by staking and is comprised of six mineral claims totalling 5,408 hectares located in south central British Columbia, approximately 50 km northwest of Prince George.

- (vi) **Cooper Property** - Cooper was acquired by staking and is comprised of eight mineral claims totalling 5,445 hectares located in south central British Columbia, approximately 50 km northeast of the community of 100 Mile House.

- (vii) **Lou Property** - Lou was acquired by staking and was comprised of one mineral claim totalling 1,508 hectares located in south central British Columbia. The Company elected not to maintain the claim and accordingly \$2,640 in acquisition costs and \$909 in exploration costs were written off during the year ended December 31, 2022.

#### **b) Nevada Property**

The Company holds a 100% interest in the Scraper Springs property, which is comprised of 190 mineral claims totalling 1,589 hectares located in Elko County, Nevada. The Company acquired 96 of the claims pursuant to a property purchase and sale agreement with NewQuest Capital Inc. ("NewQuest"). NewQuest is a significant shareholder of the Company with certain directors in common. The purchase and sale agreement was dated February 22, 2021 for consideration of \$100,000 (Canadian dollars) and is subject to a 2% NSR royalty. The Company staked an additional 94 claims on federal Bureau of Land Management ("BLM") land in September and October 2021.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

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### 6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### c) Utah Property

The Company holds a 100% interest in the Keg property, which is comprised of 63 mineral claims on BLM land and two Utah State leased sections totalling 1,049 hectares located in Juab County, Utah. The Property was acquired pursuant to a property purchase and sale agreement with NewQuest dated March 22, 2021 for consideration of \$100,000 (Canadian dollars) and is subject to a 2% NSR royalty.

### 7. SHARE CAPITAL

#### a) Common Shares

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

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

The Company issued the following common shares during the period ended September 30, 2023:

- i) On March 31, 2023, the Company completed the first tranche of a non-brokered private placement (the "Unit Offering") consisting of 2,450,000 units priced at \$0.22 (each, a "Unit") for gross proceeds of \$539,000. Each Unit is comprised of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.40 per share for a two year term. \$Nil of the Unit Offering was allocated to the warrants. Finder's fees of \$10,758 and 48,900 finder's warrants with a fair value of \$3,855 exercisable into common shares at \$0.40 for a two year term were paid on \$179,300 of the placement. One director and member of key management of the Company purchased a total of 100,000 Units for total proceeds of \$22,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.
- ii) On April 25, 2023, the Company completed the second tranche of the Unit Offering consisting of 2,439,500 Units priced at \$0.22 for gross proceeds of \$536,690. \$Nil of the Unit Offering was allocated to the warrants. Finder's fees of \$2,501 and 11,370 finder's warrants with a fair value of \$927 exercisable into common shares at \$0.40 for a two year term were paid on \$41,690 of the placement.
- iii) On April 25, 2023, the Company completed the first tranche of a non-brokered private placement (the "FT Unit Offering") consisting of 856,682 flow-through units (each, a "FT Unit") priced at \$0.33 for gross proceeds of \$282,705. Each FT Unit is comprised of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.40 per share for a two year term. \$Nil of the FT Unit Offering was allocated to the warrants. Finder's fees of \$7,989 and 24,210 finder's warrants with a fair value of \$1,975 exercisable into common shares at \$0.40 for a two year term were paid on \$133,155 of the placement. One member of key management personnel of the Company purchased a total of 100,000 FT Units for total proceeds of \$33,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders. The Company recorded a flow-through premium liability of \$94,235.

## RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in Canadian Dollars)

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### 7. SHARE CAPITAL (CONTINUED)

- iv) On May 4, 2023, the Company completed a non-brokered private placement (the “Charity FT Unit Offering”) consisting of 2,772,727 charity flow-through units (each, a “CFT Unit”) of the Company priced at \$0.352 for gross proceeds of \$976,000. Each CFT Unit is comprised of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.40 per share for a two year term. \$Nil of the Charity FT Unit Offering was allocated to the warrants. The Company recorded a flow-through premium liability of \$366,000.

The proceeds of the Charity FT Unit Offering are to be used to incur eligible “Canadian Exploration Expenses” that are Qualifying Expenses within the meaning of the Tax Act.

The Company is committed to renounce \$975,972 in Qualifying Expenses by December 31, 2023 and incur such expenses by December 31, 2024. During the period ended September 30, 2023, the Company incurred \$227,891 in Qualifying Expenses and recognized \$85,462 in flow-through share premium income.

- v) On May 5, 2023, the Company completed the third tranche of the Unit Offering consisting of 288,500 Units priced at \$0.22 for gross proceeds of \$63,470. \$Nil of the Unit Offering was allocated to the warrants. Finder’s fees of \$1,398 and 2,400 finder’s warrants with a fair value of \$197 exercisable into common shares at \$0.40 for a two year term were paid on \$13,420 of the placement. One director and member of key management of the Company purchased a total of 80,000 Units for total proceeds of \$17,600. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.
- vi) On May 5, 2023, the Company completed the second tranche of the FT Unit Offering consisting of 100,000 FT Units priced at \$0.33 for gross proceeds of \$33,000. \$Nil of the FT Unit Offering was allocated to the warrants. One member of key management personnel of the Company purchased a total of 100,000 FT Units for total proceeds of \$33,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders. The Company recorded a flow-through premium liability of \$11,000.

The proceeds of the FT Unit Offering are to be used to incur eligible “Canadian Exploration Expenses” that are Qualifying Expenses within the meaning of the Tax Act for FT shares.

The Company is committed to renounce \$315,696 in Qualifying Expenses by December 31, 2023 and incur such expenses by December 31, 2024.

- vii) On July 10, 2023, the Company completed the fourth tranche of the Unit Offering consisting of 43,600 Units priced at \$0.22 for gross proceeds of \$9,592. \$Nil of the Unit Offering was allocated to the warrants. Finder’s fees of \$180 and 816 finder’s warrants with a fair value of \$254 exercisable into common shares at \$0.40 for a two year term were paid on \$2,992 of the placement.

The Company issued the following common shares during the year ended December 31, 2022:

- viii) On January 14, 2022, the Company raised gross proceeds of \$212,200 by way of a non-brokered private placement of 1,061,000 common shares priced at \$0.20.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 7. SHARE CAPITAL (CONTINUED)

#### b) Share-Based Payment Reserve

	September 30, 2023 \$	December 31, 2022 \$
Fair value of stock options granted or vested	270,845	233,538
Fair value of warrants issued	7,208	-
Share-based Payment Reserve	278,053	233,538

#### c) Share Purchase Warrants

A summary of the Company's share purchase warrants at September 30, 2023 and December 31, 2022 and the changes for the periods then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2021 and 2022	-	-
Issue of warrants	4,563,200	\$0.40
Balance at September 30, 2023	4,563,200	-

On March 31, 2023, the Company issued 1,225,000 warrants and 48,900 broker warrants exercisable at \$0.40 per share for a two-year term pursuant to the private placement described in Note 7(a)(i).

On April 25, 2023, the Company issued 1,648,091 warrants and 35,580 broker warrants exercisable at \$0.40 per share for a two-year term pursuant to the private placements described in Notes 7(a)(ii) and 7(a)(iii).

On May 4, 2023, the Company issued 1,386,363 warrants exercisable at \$0.40 per share for a two-year term pursuant to the private placement described in Note 7(a)(iv).

On May 5, 2023, the Company issued 194,250 warrants and 2,400 broker warrants exercisable at \$0.40 per share for a two-year term pursuant to the private placements described in Notes 7(a)(v) and 7(a)(vi).

On July 10, 2023, the Company issued 21,800 warrants and 816 broker warrants exercisable at \$0.40 per share for a two-year term pursuant to the private placement described in Note 7(a)(vii).

Number of Warrants Outstanding		Exercise Price per Share	Expiry Date
September 30, 2023	December 31, 2022		
1,273,900	-	\$0.40	March 31, 2025
1,683,671	-	\$0.40	April 25, 2025
1,386,363	-	\$0.40	May 4, 2025
196,650	-	\$0.40	May 5, 2025
22,616	-	\$0.40	July 10, 2025
4,563,200			

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 8. SHARE-BASED PAYMENTS

#### a) Option Plan Details

The Company has a Stock Option Plan dated November 15, 2021 (the “Plan”). The Plan provides for the issuance, from time to time, of options to acquire common shares of the Company (“Shares”) in number equal to a maximum of 15% of the then issued and outstanding shares of the Company as long as the Company is a non-reporting issuer. From and after the date that the Company becomes a reporting issuer whose Shares are listed on a public stock exchange, the maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time-to-time. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board.

A summary of the Company's stock options at September 30, 2023 and December 31, 2022 and the changes for the periods then ended is presented below:

	September 30, 2023		December 31, 2022	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	2,550,000	\$0.11	2,350,000	\$0.10
Granted	250,000	\$0.22	350,000	\$0.20
Cancelled	-	-	(150,000)	\$0.10
Ending balance	2,800,000	\$0.12	2,550,000	\$0.11

On April 1, 2022, the Company granted 150,000 stock options exercisable at \$0.20 per share for a five year term to a consultant of the Company. The options vested immediately.

On November 16, 2022, the Company granted 200,000 stock options exercisable at \$0.20 per share for a five year term to consultants of the Company. The options vested immediately.

On June 1, 2023, the Company granted 250,000 stock options exercisable at \$0.22 per share for a five year term to a director and an employee of the Company. The options vested immediately.

Details of stock options outstanding and exercisable as at September 30, 2023 and December 31, 2022 are as follows:

Expiry Date	Exercise Price	September 30, 2023	December 31, 2022	Weighted Average Remaining Contractual Life (Years)
November 15, 2026	\$0.10	2,200,000	2,200,000	3.13
April 1, 2027	\$0.20	150,000	150,000	3.50
November 16, 2027	\$0.20	200,000	200,000	4.13
June 30, 2028	\$0.22	250,000	-	4.67
		2,800,000	2,550,000	3.36

The weighted average remaining contractual life of stock options outstanding at September 30, 2023 was 3.36 years (December 31, 2022: 3.98 years).

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 8. SHARE-BASED PAYMENTS (CONTINUED)

#### b) Fair Value of Options Issued During the Periods Ended

The weighted average fair value at grant date of options granted during the period ended September 30, 2023 was \$0.15 per option (2022: \$0.15 per option). The total fair value of options granted during the period was \$37,307 (2022: \$53,246, of which \$22,764 was capitalized to E&E Assets). The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

	2023	2022
Expected stock price volatility	100%	101%
Risk-free interest rate	3.28%	1.56%
Dividend yield	-	-
Expected life of options	5 years	5 years
Stock price on date of grant	\$0.22	\$0.20
Forfeiture rate	-	-

### 9. RELATED PARTY TRANSACTIONS AND BALANCES

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

#### a) Key Management Compensation

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

	2023	2022
	\$	\$
Short-term employee benefits and director fees	142,500	119,700
Share-based payments	22,384	-
	164,884	119,700

The Company has entered into a Management Agreement with the Chairman, President and Chief Executive Officer (the "CEO") effective January 1, 2022 for no fixed term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$10,800 with provisions for severance of (i) three months of compensation in the event the Company terminates the Agreement without Cause within twelve months of the effective date; (ii) six months of compensation plus an additional one month for each completed year of service up to a maximum of twelve months in the event the Company terminates the Agreement without Cause after twelve months of the effective date; (iii) twelve times the monthly compensation in the event the CEO resigns for Good Cause during the first two years of the Agreement; (iv) eighteen times the monthly compensation if the CEO resigns for Good Cause during the third or any subsequent year of the Agreement; and (v) eighteen months of compensation in the event the Company terminates the Agreement with or without Cause, or the CEO resigns with or without Good Cause, within twelve months following a change of control of the Company. In the event the CEO participates in activities that lead to (i) the sale of any of the Company's exploration properties or the creation of a new or spin-off company, he will be awarded a Special Bonus in the amount of 0.5% of the sale of any of the Company's exploration properties



## **RED CANYON RESOURCES LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in Canadian Dollars)**

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### **9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

#### **a) Key Management Compensation (continued)**

or the creation of a new or spin-off company; and (ii) a corporate transaction involving a sale of the Company or more than 50% of the Company's issued and outstanding common shares, he will be awarded a Special Bonus of 0.2% of the consideration up to \$50 million of consideration received, and 0.1% of additional value beyond that \$50 million level. During the period ended September 30, 2023, the Company recorded \$97,200 (2022: \$97,200) in fees payable to the CEO, of which \$55,080 (2022: \$69,012) was capitalized to Exploration and Evaluation Assets in the Consolidated Statement of Financial Position and \$nil (2022: \$13,608) was expensed to General Exploration and \$42,120 (2022: \$14,580) was expensed to Management in the Consolidated Statement of Loss.

The Company has entered into an Employment Agreement with the Chief Financial Officer and Corporate Secretary (the "CFO") effective June 1, 2023 for no fixed term. As compensation for the services to be provided, the CFO will receive a monthly salary of \$6,700 with provisions for severance of (i) three months of compensation in the event the Company terminates the Agreement without Cause; (ii) three months of compensation in the event the CFO resigns for Good Cause; and (iii) eighteen months of compensation in the event the Company terminates the Agreement with or without Cause, or the CFO resigns with or without Good Cause, within twelve months following a change of control of the Company. This Employment Agreement supersedes an Employment Agreement dated January 1, 2022 for the CFO to provide services for compensation of a monthly salary of \$2,500. During the period ended September 30, 2023, the Company recorded \$39,300 (2022: \$22,500) in fees payable to the CFO, of which \$19,650 (2022: \$nil) was expensed to Management and \$19,650 (2022: \$22,500) was expensed to Salaries and Benefits in the Consolidated Statement of Loss.

The Company has approved the payment of a director's fee of \$1,000 per month to each of three directors and \$2,000 per month to a director and chair of the audit committee, effective September 1, 2023. During the period ended September 30, 2023, the Company recorded \$5,000 (2022: \$nil) in director fees which were expensed to Management in the Consolidated Statement of Loss.

#### **b) Service Agreement**

During the year ended December 31, 2022, the Company recorded \$30,000 in strategic consulting fees payable to NewQuest pursuant to a Contract for Services for a six month term from January 1, 2022 to June 30, 2022 for compensation of \$5,000 per month.

#### **c) Private Placements**

In connection with the private placement that closed on January 14, 2022, a director and member of key management of the Company purchased a total of 50,000 common shares for total proceeds of \$10,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on March 31, 2023, a director and member of key management of the Company purchased a total of 100,000 Units for total proceeds of \$22,000, and an insider purchased a total of 200,000 Units for total proceeds of \$44,000. The terms and conditions offered to the related parties in these transactions are identical to those offered to non-related common shareholders.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### c) Private Placements (continued)

In connection with the private placement that closed on April 25, 2023, a director and member of key management of the Company purchased a total of 100,000 FT Units for total proceeds of \$33,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placements that closed on May 5, 2023, insiders of the Company purchased a total of 80,000 Units for total proceeds of \$17,600 and 100,000 FT Units for total proceeds of \$33,000. The terms and conditions offered to the related parties in these transactions are identical to those offered to non-related common shareholders.

#### d) Due to Related Party

As at September 30, 2023, the Company has \$9,110 (December 31, 2022: \$130,218) due to related parties which consists of amounts owed to directors, officers and significant shareholders for salaries, fees and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

### 10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

#### *Fair values*

The Company's financial instruments include cash, restricted cash and trade and other payables.

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

	September 30, 2023		December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	1,749,597	1,749,597	289,606	289,606
Amortized cost liabilities (ii)	140,741	140,741	229,970	229,970
(i) Cash and restricted cash				
(ii) Trade and other payables				

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at December 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and restricted cash	289,606	-	-	

  

As at September 30, 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and restricted cash	1,749,597	-	-	

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their short-term nature and respective maturity dates.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

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### 10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of cash represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with chartered Canadian financial institutions. As at September 30, 2023, the Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's management of credit risk has not changed during the period ended September 30, 2023, from that of the prior year.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital surplus of \$1,253,098 as at September 30, 2023 and does not require additional financing to meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 11. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms. The Company's management of liquidity risk has not changed during the period ended September 30, 2023, from that of the prior year.

The following are the contractual maturities of financial liabilities as at September 30, 2023:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade and other payables	140,741	140,741	140,741	-	-	-

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk. The Company is not exposed to significant interest rate risk as the Company has no interest bearing debt. The Company does not hold any equity securities; as such, the Company is not exposed to material other price risk. The Company's management of market risk has not changed during the period ended September 30, 2023, from that of the prior year.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. A portion of the Company's exploration property expenditures are intended to be incurred in United States dollars. A change in the foreign exchange rate as at September 30, 2023 of +/- 10% would have an impact of \$5,746 on profit or loss.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Expressed in Canadian Dollars)

### 11. CAPITAL MANAGEMENT

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

The Company considers items included in Equity to be capital, which totalled \$2,841,425 at September 30, 2023 (December 31, 2022: \$1,091,347). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

### 12. SEGMENTED INFORMATION

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

	September 30, 2023			December 31, 2022		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Current assets	1,735,504	44,108	1,779,612	293,896	11,152	305,048
Reclamation bonds	120,000	-	120,000	-	-	-
Equipment	2,413	-	2,413	883	-	883
Exploration and evaluation assets	823,177	642,737	1,465,914	483,195	532,191	1,015,386
Total assets	2,681,094	686,845	3,367,939	777,974	543,343	1,321,317
Total liabilities	491,038	35,476	526,514	210,792	19,178	229,970