

RED CANYON RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

RED CANYON RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023
(UNAUDITED – SEE “NOTICE TO READER” BELOW)

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of Red Canyon Resources Ltd. and the accompanying condensed interim consolidated statements of financial position as at March 31, 2024 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the three months ended March 31, 2024 and 2023 are the responsibility of the Company's management.

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

“Wendell Zerb”

Wendell Zerb
Chief Executive Officer

May 23, 2024

“Sandra Wong”

Sandra Wong
Chief Financial Officer

May 23, 2024

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

		March 31, 2024	December 31, 2023
	Note	\$	\$
Assets			
Current assets			
Cash		735,898	968,620
Restricted cash		20,900	20,763
Amounts and other receivables	10	8,606	46,013
Prepaid expenses		32,177	19,928
		797,581	1,055,324
Non-current assets			
Reclamation bonds	4	120,000	120,000
Equipment	5	2,115	2,254
Exploration and evaluation assets	6	2,035,602	1,920,710
		2,955,298	3,098,288
Liabilities			
Current liabilities			
Trade and other payables	10	69,180	63,208
Flow-through premium liability	9	195,001	210,581
		264,181	273,789
Equity			
Share capital	7	3,387,644	3,387,644
Share-based payment reserve	7	278,053	278,053
Accumulated other comprehensive loss		(3,240)	(516)
Accumulated deficit		(971,340)	(840,682)
		2,691,117	2,824,499
		2,955,298	3,098,288

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 23, 2024 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)**
(Expressed in Canadian Dollars)

		Three months ended March 31, 2024	Three months ended March 31, 2023
	Note	\$	\$
Expenses			
Accounting and audit		125	-
Consulting		33,157	264
Depreciation	5	139	67
Filing fees		9,401	-
General exploration		25,967	15,079
Investor communication		8,259	667
Legal		4,366	-
Management	10	33,415	22,392
Office		19,320	7,485
Salaries and benefits	10	25,219	15,366
Travel		11,104	4,637
Total expenses		(170,472)	(65,957)
Other income (expenses)			
Flow-through share premium	9	15,580	-
Finance income		5,164	1,154
Foreign exchange gain (loss)		23,828	(447)
Part XII.6 tax	7	(4,758)	-
Total other income (expenses)		39,814	707
Net loss		(130,658)	(65,250)
Other comprehensive loss			
Items that may be reclassified to comprehensive income (loss):			
Cumulative translation adjustment		(2,724)	35
Comprehensive loss		(133,382)	(65,215)
Loss per common share, basic and diluted		-	-
Weighted average number of common shares outstanding		34,937,459	25,986,450

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, 2022	25,986,450	1,463,841	-	233,538	(2,854)	(603,178)	1,091,347
Shares issued for private placement (Note 7)	2,450,000	539,000	-	-	-	-	539,000
Share subscriptions	-	-	105,000	-	-	-	105,000
Share issue costs (Note 7)	-	(14,891)	-	3,855	-	-	(11,036)
Net loss	-	-	-	-	-	(65,250)	(65,250)
Other comprehensive income	-	-	-	-	35	-	35
Balance, March 31, 2023	28,436,450	1,987,950	105,000	237,393	(2,819)	(668,428)	1,659,096
Balance, December 31, 2023	34,937,459	3,387,644	-	278,053	(516)	(840,682)	2,824,499
Net loss	-	-	-	-	-	(130,658)	(130,658)
Other comprehensive loss	-	-	-	-	(2,724)	-	(2,724)
Balance, March 31, 2024	34,937,459	3,387,644	-	278,053	(3,240)	(971,340)	2,691,117

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

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
	\$	\$
Operating activities		
Net loss	(130,658)	(65,250)
Items not involving cash:		
Depreciation	139	67
Unrealized foreign exchange	(19,155)	460
Flow-through share premium	(15,580)	-
Changes in non-cash working capital accounts:		
Amounts and other receivables	37,407	(1,940)
Prepaid expenses	(12,240)	2,697
Trade and other payables	(10,878)	47,981
Cash used in operating activities	(150,965)	(15,985)
Investing activities		
Expenditures on exploration and evaluation assets	(82,265)	(72,404)
Cash used in investing activities	(82,265)	(72,404)
Financing activities		
Proceeds from share issuances	-	539,000
Share subscriptions received	-	105,000
Share issuance costs	-	(13,948)
Cash provided by financing activities	-	630,052
Effect of foreign exchange on cash	645	(11)
Increase (decrease) in cash	(232,585)	541,652
Cash, beginning of period	989,383	289,606
Cash, end of period	756,798	831,258
Supplemental information		
Cash on hand	735,898	811,258
Restricted cash	20,900	20,000
	756,798	831,258
Interest paid	-	-
Income taxes paid	-	-

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

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

As at March 31, 2024, 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 \$971,340 at March 31, 2024 (December 31, 2023: \$840,682). The Company’s ability to continue its operations, develop its properties and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the three-month period ended March 31, 2024 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 2023 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 2023 annual consolidated financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2024. Note 2c) sets out the impact of new standards, interpretations and amendments, none of which have had a material effect on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 23, 2024.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

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

a) Basis of Consolidation

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

b) Foreign Currency Translation

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

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

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

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

c) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after January 1, 2024. New or amended accounting standards adopted on January 1, 2024 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, 2025 in preparing these condensed interim 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 2023 annual consolidated financial statements.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

4. RECLAMATION BONDS

During the year ended December 31, 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, 2022	-	-	-	-	-
Additions	30,000	32,500	46,500	11,000	120,000
Balance at December 31, 2023 and March 31, 2024	30,000	32,500	46,500	11,000	120,000

5. EQUIPMENT

	Computer Equipment \$	Field Equipment \$	Total \$
Cost			
Balance at December 31, 2022	-	1,327	1,327
Additions	1,852	-	1,852
Balance at December 31, 2023 and March 31, 2024	1,852	1,327	3,179
Depreciation			
Balance at December 31, 2022	-	444	444
Depreciation	216	265	481
Balance at December 31, 2023	216	709	925
Depreciation	93	46	139
Balance at March 31, 2024	309	755	1,064
Carrying amounts			
At December 31, 2022	-	883	883
At December 31, 2023	1,636	618	2,254
At March 31, 2024	1,543	572	2,115

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

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

	British Columbia \$	Nevada \$	Utah \$	Total \$
Acquisition costs				
Balance, December 31, 2022	33,611	233,248	143,058	409,917
Additions	12,490	45,176	15,874	73,540
Impairment	(3,236)	-	-	(3,236)
Foreign exchange	-	(6,157)	(3,599)	(9,756)
Balance, December 31, 2023	42,865	272,267	155,333	470,465
Additions	-	30,344	-	30,344
Impairment	-	-	-	-
Foreign exchange	-	6,814	3,805	10,619
Balance, March 31, 2024	42,865	309,425	159,138	511,428
Exploration costs				
Balance, December 31, 2022	449,584	155,764	121	605,469
Additions				
Community relations	7,587	-	-	7,587
Drilling	388,123	5,525	-	393,648
Geology	146,935	29,178	9,079	185,192
Geophysics	162,307	-	-	162,307
Prospecting, mapping, sampling	71,050	-	-	71,050
Project manager	42,692	-	-	42,692
Reports	1,600	16,204	-	17,804
	820,294	50,907	9,079	880,280
Impairment	(30,834)	-	-	(30,834)
Foreign exchange	-	(4,527)	(143)	(4,670)
Balance, December 31, 2023	1,239,044	202,144	9,057	1,450,245
Additions				
Community relations	4,679	-	-	4,679
Drilling	1,356	-	-	1,356
Geology	46,196	5,840	-	52,036
Prospecting, mapping, sampling	2,848	115	-	2,963
Project manager	7,693	-	-	7,693
	62,772	5,955	-	68,727
Foreign exchange	-	4,980	222	5,202
Balance, March 31, 2024	1,301,816	213,079	9,279	1,524,174
Total acquisition costs and exploration expenditures				
December 31, 2023	1,281,909	474,411	164,390	1,920,710
March 31, 2024	1,344,681	522,504	168,417	2,035,602

RED CANYON RESOURCES LTD.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) British Columbia Properties

The Company holds a 100% interest in five 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 fourteen 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.

Subsequent to period end, the Company elected not to maintain one of the claims totalling 158 hectares and it was forfeited on May 11, 2024.

- (ii) SP Property - SP 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) Hatter Property - Hatter was acquired by staking and was comprised of three mineral claims totalling 1,849 hectares located in south central British Columbia, approximately 20 km south of Merritt. The Company elected not to maintain the claim and accordingly \$3,236 in acquisition costs and \$30,834 in exploration costs were written off during the year ended December 31, 2023.

b) Nevada Properties

- (i) Scraper Springs Property - The Company holds a 100% interest in the Scraper Springs property, which is comprised of 190 mineral claims 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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Nevada Properties (continued)

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

- US\$5,000 (paid) upon signing the letter of intent on August 28, 2023;
 - US\$5,000 (paid) upon signing the definitive agreement on February 27, 2024;
 - Annual lease payments of US\$5,000 on the first anniversary and each anniversary of the Effective Date to and including the ninth anniversary of the Effective Date, to be increased by US\$1,000 annually beginning on the second anniversary of the Effective Date;
 - Annual lease payments of US\$20,000 on the tenth anniversary and each anniversary of the Effective Date to and including the twentieth anniversary of the Effective Date, to be increased by US\$2,500 annually beginning on the eleventh anniversary of the Effective Date;
 - Annual lease payments of US\$40,000 on the twenty-first anniversary and each succeeding anniversary of the Effective Date until the thirtieth anniversary of the Effective Date on which the Agreement expires, to be increased by US\$5,000 annually beginning on the twenty-second anniversary of the Effective Date;
 - Surface disturbance fee of US\$250 per acre per year for each acre of disturbed and unreclaimed surface of the Property, with the fee increasing by US\$100 per acre per year beginning on the fifth anniversary of the Effective Date; and
 - Net smelter return (“NSR”) royalty of 4.0% which the Company may purchase the first 2.0% for US\$500,000 and the second 2.0% for US\$1,000,000 at any time prior to commercial production.
- (ii) Oxford Property – The Company has paid US\$17,500 (CDN \$23,601) under a Letter of Intent to lease and option to purchase the Oxford property, which is comprised of 58 mineral claims totalling 449 hectares located in Lyon County, Nevada. Subsequent to period end, the parties entered into the definitive Exploration Lease and Option to Purchase Agreement for the Oxford Property effective May 17, 2024 (Note 14).

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 and is subject to a 2% NSR royalty.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

7. SHARE CAPITAL

a) Common Shares

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

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

The Company issued the following common shares during the year ended December 31, 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 (Note 9).

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 renounced \$282,697 in Qualifying Expenses at December 31, 2023 and is committed to incur such expenses by December 31, 2024. During the period ended March 31, 2024, the Company recorded \$2,356 in Part XII.6 tax on the remaining expenditure commitment.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

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 (Note 9).

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 renounced \$975,972 in Qualifying Expenses at December 31, 2023 and is committed to incur such expenses by December 31, 2024. During the period ended March 31, 2024, the Company incurred \$41,544 (year ended December 31, 2023 - \$695,057) in Qualifying Expenses and recognized \$15,580 (year ended December 31, 2023 - \$260,654) in flow-through share premium income. During the period ended March 31, 2024, the Company recorded \$2,127 in Part XII.6 tax on the remaining expenditure commitment.

- 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 (Note 9).

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 renounced \$32,999 in Qualifying Expenses at December 31, 2023 and is committed to incur such expenses by December 31, 2024. During the period ended March 31, 2024, the Company recorded \$275 in Part XII.6 tax on the remaining expenditure commitment.

- 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.

RED CANYON RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

b) Share-Based Payment Reserves

	March 31, 2024 \$	December 31, 2023 \$
Fair value of stock options granted or vested	278,053	278,053
Reserves	278,053	278,053

c) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2022	-	-
Issue of warrants	4,563,200	\$0.40
Balance at December 31, 2023 and March 31, 2024	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
March 31, 2024	December 31, 2023		
1,273,900	1,273,900	\$0.40	March 31, 2025
1,683,671	1,683,671	\$0.40	April 25, 2025
1,386,363	1,386,363	\$0.40	May 4, 2025
196,650	196,650	\$0.40	May 5, 2025
22,616	22,616	\$0.40	July 10, 2025
4,563,200	4,563,200		

The weighted average remaining contractual life of warrants outstanding at March 31, 2024 was 1.06 years (December 31, 2023: 1.31 years).

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7. SHARE CAPITAL (CONTINUED)

d) Escrow Shares

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

As at March 31, 2024, the Company held 16,098,300 (December 31, 2023: 16,098,300) shares in escrow.

8. SHARE-BASED PAYMENTS

a) Option Plan Details

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

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

	March 31, 2024		December 31, 2023	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	2,800,000	\$0.12	2,550,000	\$0.11
Granted	-	-	250,000	\$0.22
Cancelled	(25,000)	\$0.10	-	-
Ending balance	2,775,000	\$0.12	2,800,000	\$0.12

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.

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

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8. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

Details of stock options outstanding and exercisable as at March 31, 2024 and December 31, 2023 are as follows:

Expiry Date	Exercise Price	March 31, 2024	December 31, 2023	Weighted Average Remaining Contractual Life (Years)
November 15, 2026	\$0.10	2,175,000	2,200,000	2.63
April 1, 2027	\$0.20	150,000	150,000	3.00
November 16, 2027	\$0.20	200,000	200,000	3.63
June 30, 2028	\$0.22	250,000	250,000	4.17
		2,775,000	2,800,000	2.86

The weighted average remaining contractual life of stock options outstanding at March 31, 2024 was 2.86 years (December 31, 2023: 3.11 years).

b) Fair Value of Options Issued During the Periods Ended

The weighted average fair value at grant date of options granted during the period ended March 31, 2024 was \$nil per option (year ended December 31, 2023: \$0.15 per option). The total fair value of options granted during the period was \$nil (year ended December 31, 2023: \$37,307). The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

	2024	2023
Expected stock price volatility	-	100%
Risk-free interest rate	-	3.28%
Dividend yield	-	-
Expected life of options	-	5 years
Stock price on date of grant	-	\$0.22
Forfeiture rate	-	-

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

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

	\$
Balance at December 31, 2022	-
Flow-through share premium liability	471,235
Settlement of flow-through share premium liability pursuant to qualified expenditures	(260,654)
Balance at December 31, 2023	210,581
Settlement of flow-through share premium liability pursuant to qualified expenditures	(15,580)
Balance at March 31, 2024	195,001

As a result of the issuances of flow-through shares on April 25, 2023, May 4, 2023 and May 5, 2023, the Company had a commitment to incur \$1,291,668 in qualifying Canadian exploration expenditures on or before December 31, 2024. As of March 31, 2024, the remaining commitment was \$555,066.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

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

a) Key Management Compensation

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

	2024 \$	2023 \$
Short-term employee benefits and director fees	67,500	39,900
Share-based payments	-	-
	<u>67,500</u>	<u>39,900</u>

The Company has entered into a Management Agreement with the Chairman, President and Chief Executive Officer (the “CEO”) effective January 1, 2022 for no fixed term. As compensation for the services to be provided, the CEO will receive a monthly fee of \$10,800 with provisions for severance of (i) six months of compensation plus an additional one month for each completed year of service up to a maximum of twelve months in the event the Company terminates the Agreement without Cause after twelve months of the effective date; (ii) eighteen times the monthly compensation if the CEO resigns for Good Cause; and (iii) eighteen months of compensation in the event the Company terminates the Agreement with or without Cause, or the CEO resigns with or without Good Cause, within twelve months following a change of control of the Company. In the event the CEO participates in activities that lead to (i) the sale of any of the Company’s exploration properties or the creation of a new or spin-off company, he will be awarded a Special Bonus in the amount of 0.5% of the sale of any of the Company’s exploration properties or the creation of a new or spin-off company; and (ii) a corporate transaction involving a sale of the Company or more than 50% of the Company’s issued and outstanding common shares, he will be awarded a Special Bonus of 0.2% of the consideration up to \$50 million of consideration received, and 0.1% of additional value beyond that \$50 million level. During the period ended March 31, 2024, the Company recorded \$32,400 (2023: \$32,400) in fees payable to the CEO, of which \$24,840 (2023: \$14,040) was capitalized to Exploration and Evaluation Assets in the Consolidated Statement of Financial Position, \$nil (2023: \$nil) was expensed to general exploration and \$7,560 (2023: \$18,360) 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. During the period ended March 31, 2024, the Company recorded \$20,100 (2023: \$7,500) in fees payable to the CFO, of which \$10,050 (2023: \$3,750) was expensed to Management and \$10,050 (2023: \$3,750) was expensed to Salaries and Benefits in the Consolidated Statement of Loss.

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10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Key Management Compensation (continued)

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

b) Private Placements

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.

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.

c) Office Expenses

During the period ended March 31, 2024, the Company recorded office rent of \$7,020 (2023: \$3,000) and office expenses of \$12,473 (2023: \$6,965) payable to companies with common directors. The Company also recovered office expenses of \$8,317 (2023: \$526) from companies with common directors.

d) Receivable from Related Party

As at March 31, 2024, the Company has \$4,299 (December 31, 2023: \$nil) receivable from companies with common directors for office expenses, which is due on demand, unsecured and is non-interest bearing.

e) Due to Related Party

As at March 31, 2024, the Company has \$1,340 (December 31, 2023: \$1,491) due to related parties which consists of amounts owed to a director and significant shareholder for salaries and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

As at March 31, 2024, the Company also has \$8,739 (December 31, 2023: \$5,243) due to companies with common directors for office rent and expenses, which is due on demand, unsecured and is non-interest bearing.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair values

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

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

	March 31, 2024		December 31, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	756,798	756,798	989,383	989,383
Amortized cost assets (ii)	120,000	120,000	120,000	120,000
Amortized cost liabilities (iii)	69,180	69,180	63,208	63,208

- (i) Cash and restricted cash
- (ii) Reclamation bonds
- (iii) 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, 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and restricted cash	989,383	-	-	

As at March 31, 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and restricted cash	756,798	-	-	

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.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of cash represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with chartered Canadian financial institutions. The Company owns restricted cash of \$20,900 which consists of a savings account held by a financial institution as security against a Company credit card. The Company also owns cash reclamation bond deposits of \$120,000 held by the Province of British Columbia. The Company believes that the credit risk of default for these assets is low. As at March 31, 2024, the Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's management of credit risk has not changed during the period ended March 31, 2024, from that of the prior year.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

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 \$533,400 as at March 31, 2024 and anticipates raising capital in 2024 in order to meet its financial obligations as they become due in the current fiscal year. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms. The Company's management of liquidity risk has not changed during the period ended March 31, 2024, from that of the prior year.

The following are the contractual maturities of financial liabilities as at March 31, 2024:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade and other payables	69,180	69,180	69,180	-	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk. The Company is not exposed to significant interest rate risk as the Company has no interest bearing debt. The Company does not hold any equity securities; as such, the Company is not exposed to material other price risk. The Company's management of market risk has not changed during the period ended March 31, 2024, from that of the prior year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. A portion of the Company's exploration property expenditures are intended to be incurred in United States dollars. A change in the foreign exchange rate as at March 31, 2024 of +/- 10% would have an impact of \$2,542 on profit or loss.

12. CAPITAL MANAGEMENT

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

The Company considers items included in Equity to be capital, which totalled \$2,691,117 at March 31, 2024 (December 31, 2023: \$2,824,499). 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.

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13. SEGMENTED INFORMATION

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

	March 31, 2024			December 31, 2023		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Current assets	743,389	54,192	797,581	1,035,054	20,270	1,055,324
Reclamation bonds	120,000	-	120,000	120,000	-	120,000
Equipment	2,115	-	2,115	2,254	-	2,254
Exploration and evaluation assets	1,344,681	690,921	2,035,602	1,281,909	638,801	1,920,710
Total assets	2,210,185	745,113	2,955,298	2,439,217	659,071	3,098,288
Total liabilities	256,765	7,416	264,181	273,359	430	273,789

14. SUBSEQUENT EVENTS

a) Exploration Lease and Option to Purchase Agreement Oxford Property

The Company has entered into an Exploration Lease and Option to Purchase Agreement with an arm's length party effective May 17, 2024 (the "Effective Date") under which the Company is granted the exclusive right to explore for and develop minerals on the Oxford property (the "Property") for a 20-year term, with an option to purchase the Property for US\$1,500,000, for the following consideration:

- i) US\$35,000 (paid) upon signing the definitive agreement on May 17, 2024;
- ii) Annual lease payments of US\$30,000 on the first anniversary of the Effective Date, US\$40,000 on the second anniversary of the Effective Date, US\$50,000 on the third anniversary of the Effective Date, and US\$60,000 on the fourth and each successive anniversary of the Effective Date, such payments to be credited against the purchase price if the Company elects to exercise the option to purchase the Property; and
- iii) NSR royalty of 2.0% which the Company may purchase the first 1.0% for US\$2,000,000 and the second 1.0% for US\$5,000,000 at any time.