

**RED CANYON RESOURCES LTD.**

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 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**  
JUNE 30, 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 June 30, 2024 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the six months ended June 30, 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”*

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Wendell Zerb  
Chief Executive Officer

August 29, 2024

*“Sandra Wong”*

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Sandra Wong  
Chief Financial Officer

August 29, 2024

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

	<b>Note</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash		2,720,548	968,620
Restricted cash		20,075	20,763
Amounts and other receivables	10	24,802	46,013
Prepaid expenses		37,968	19,928
		2,803,393	1,055,324
<b>Non-current assets</b>			
Reclamation bonds	4	120,000	120,000
Equipment	5	1,976	2,254
Exploration and evaluation assets	6	2,491,323	1,920,710
		5,416,692	3,098,288
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	156,795	63,208
Flow-through premium liability	9	460,841	210,581
		617,636	273,789
<b>Equity</b>			
Share capital	7	5,521,846	3,387,644
Share-based payment reserve	7	283,597	278,053
Accumulated other comprehensive loss		(4,491)	(516)
Accumulated deficit		(1,001,896)	(840,682)
		4,799,056	2,824,499
		5,416,692	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 August 29, 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		Six months ended	
		June 30,	June 30,	June 30,	June 30,
		2024	2023	2024	2023
	Note	\$	\$	\$	\$
<b>Expenses</b>					
Accounting and audit		5,834	1,525	5,959	1,525
Consulting		525	376	33,682	640
Depreciation	5	139	124	278	191
Filing fees		9,914	2,318	19,315	2,318
General exploration		9,015	9,157	34,982	24,236
Investor communication		31,770	275	40,029	942
Legal		587	1,465	4,953	1,465
Management	10	32,880	20,331	66,295	42,723
Office		27,584	8,175	46,904	15,660
Salaries and benefits	10	34,636	24,666	59,855	40,032
Share-based payments	8	-	37,307	-	37,307
Travel		8,936	451	20,040	5,088
<b>Total expenses</b>		<b>(161,820)</b>	<b>(106,170)</b>	<b>(332,292)</b>	<b>(172,127)</b>
<b>Other income (expenses)</b>					
Flow-through share premium	9	119,498	-	135,078	-
Finance income		9,355	11,274	14,519	12,428
Foreign exchange gain (loss)		9,737	(18,286)	33,565	(18,733)
Impairment	6	(1,994)	-	(1,994)	-
Part XII.6 tax	7	(5,332)	-	(10,090)	-
<b>Total other income (expenses)</b>		<b>131,264</b>	<b>(7,012)</b>	<b>171,078</b>	<b>(6,305)</b>
<b>Net loss</b>		<b>(30,556)</b>	<b>(113,182)</b>	<b>(161,214)</b>	<b>(178,432)</b>
<b>Other comprehensive loss</b>					
Items that may be reclassified to comprehensive income (loss):					
Cumulative translation adjustment		(1,251)	1,323	(3,975)	1,358
<b>Comprehensive loss</b>		<b>(31,807)</b>	<b>(111,859)</b>	<b>(165,189)</b>	<b>(177,074)</b>
<b>Loss per common share, basic and diluted</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>					
		37,531,008	32,802,927	36,234,233	29,413,519

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)**

	<b>Number of Shares</b>	<b>Share Capital \$</b>	<b>Share-based Payment Reserve \$</b>	<b>Accumulated Other Comprehensive Income (Loss) \$</b>	<b>Accumulated Deficit \$</b>	<b>Total \$</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)	5,178,000	1,139,160	-	-	-	1,139,160
Shares issued for flow-through private placement (Note 7)	3,729,409	820,470	-	-	-	820,470
Share-based payments	-	-	37,307	-	-	37,307
Share issue costs (Note 7)	-	(44,986)	6,954	-	-	(38,032)
Net loss	-	-	-	-	(178,432)	(178,432)
Other comprehensive income	-	-	-	1,358	-	1,358
<b>Balance, June 30, 2023</b>	<b>34,893,859</b>	<b>3,378,485</b>	<b>277,799</b>	<b>(1,496)</b>	<b>(781,610)</b>	<b>2,873,178</b>
Balance, December 31, 2023	34,937,459	3,387,644	278,053	(516)	(840,682)	2,824,499
Shares issued for private placement (Note 7)	7,259,728	1,597,140	-	-	-	1,597,140
Shares issued for flow-through private placement (Note 7)	2,580,000	567,600	-	-	-	567,600
Shares issued for option exercises	100,000	17,672	-	-	-	17,672
Share-based payments	-	-	(7,672)	-	-	(7,672)
Share issue costs (Note 7)	-	(48,210)	13,216	-	-	(34,994)
Net loss	-	-	-	-	(161,214)	(161,214)
Other comprehensive loss	-	-	-	(3,975)	-	(3,975)
<b>Balance, June 30, 2024</b>	<b>44,877,187</b>	<b>5,521,846</b>	<b>283,597</b>	<b>(4,491)</b>	<b>(1,001,896)</b>	<b>4,799,056</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)****(Expressed in Canadian Dollars)**

	<b>Six months ended June 30, 2024</b>	<b>Six months ended June 30, 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss	(161,214)	(178,432)
Items not involving cash:		
Depreciation	278	191
Unrealized foreign exchange	(27,881)	13,396
Flow-through share premium	(135,078)	-
Impairment	1,994	-
Share-based payments	-	37,307
Changes in non-cash working capital accounts:		
Amounts and other receivables	21,211	(2,750)
Prepaid expenses	(18,030)	98
Trade and other payables	(3,676)	(36,735)
Cash used in operating activities	(322,396)	(166,925)
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(452,161)	(222,920)
Deposits for reclamation bonds	-	(120,000)
Purchase of equipment	-	(3,504)
Cash used in investing activities	(452,161)	(346,424)
<b>Financing activities</b>		
Proceeds from share issuances	2,560,078	2,430,865
Share issuance costs	(34,994)	(37,754)
Cash provided by financing activities	2,525,084	2,393,111
Effect of foreign exchange on cash	713	(166)
<b>Increase in cash</b>	<b>1,751,240</b>	<b>1,879,596</b>
<b>Cash, beginning of period</b>	<b>989,383</b>	<b>289,606</b>
<b>Cash, end of period</b>	<b>2,740,623</b>	<b>2,169,202</b>
<b>Supplemental information</b>		
Cash on hand	2,720,548	2,149,202
Restricted cash	20,075	20,000
	<b>2,740,623</b>	<b>2,169,202</b>
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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (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, 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 June 30, 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 \$1,001,896 at June 30, 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 six-month period ended June 30, 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 August 29, 2024.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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### 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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2024	30,000	32,500	46,500	11,000	120,000

### 5. EQUIPMENT

	Computer Equipment \$	Field Equipment \$	Total \$
<b>Cost</b>			
Balance at December 31, 2022	-	1,327	1,327
Additions	1,852	-	1,852
Balance at December 31, 2023 and June 30, 2024	1,852	1,327	3,179
<b>Depreciation</b>			
Balance at December 31, 2022	-	444	444
Depreciation	216	265	481
Balance at December 31, 2023	216	709	925
Depreciation	185	93	278
Balance at June 30, 2024	401	802	1,203
<b>Carrying amounts</b>			
At December 31, 2022	-	883	883
At December 31, 2023	1,636	618	2,254
At June 30, 2024	1,451	525	1,976

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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 \$
<b>Acquisition costs</b>				
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	1,624	100,349	1,751	103,724
Impairment	(1,993)	-	-	(1,993)
Foreign exchange	-	9,962	5,415	15,377
Balance, June 30, 2024	42,496	382,578	162,499	587,573
<b>Exploration costs</b>				
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	289,210	-	-	289,210
Geology	95,019	10,895	-	105,914
Geophysics	-	15,508	-	15,508
Prospecting, mapping, sampling	3,520	2,163	-	5,683
Project manager	25,053	-	-	25,053
	417,481	28,566	-	446,047
Foreign exchange	-	7,142	316	7,458
Balance, June 30, 2024	1,656,525	237,852	9,373	1,903,750
<b>Total acquisition costs and exploration expenditures</b>				
December 31, 2023	1,281,909	474,411	164,390	1,920,710
June 30, 2024	1,699,021	620,430	171,872	2,491,323

## **RED CANYON RESOURCES LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(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 the following mineral properties in British Columbia.

- (i) Peak Property - Peak is comprised of fourteen mineral claims totalling 6,560 hectares located in south central British Columbia, approximately 30 km northeast of Williams Lake. The claims were acquired by staking with the exception of one claim purchased from an arm's length vendor for \$575 and a 1% net smelter return ("NSR") royalty that the Company may purchase for \$1,000,000 at any time. During the period ended June 30, 2024, the Company elected not to maintain one claim totalling 158 hectares and it was forfeited on May 11, 2024, resulting in the write off of \$276 in acquisition costs.
- (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 five mineral claims totalling 4,427 hectares located in south central British Columbia, approximately 50 km northwest of Prince George. During the period ended June 30, 2024, the Company elected not to maintain one claim totalling 981 hectares and it was forfeited on June 1, 2024, resulting in the write off of \$1,717 in acquisition costs.
- (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.

Subsequent to period end, the Company elected not to maintain the claims and they were forfeited on August 3, 2024, resulting in the write off of \$21,465 in acquisition and exploration costs.

- (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 claims 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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Expressed in Canadian Dollars)

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### 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
  - NSR royalty of 4.0% which the Company may purchase the first 2.0% for US\$500,000 and the second 2.0% for US\$1,000,000 at any time prior to commercial production.
- (ii) Gray Hills Property – The Company holds a 100% interest in the Gray Hills property, which is comprised of 50 mineral claims totalling 418 hectares located in Lyon County, Nevada that the Company acquired by staking.
- (iii) Oxford Property – Oxford is comprised of 80 mineral claims totalling 670 hectares located in Lyon County, Nevada. The property is subject to an Exploration Lease and Option to Purchase Agreement with an arm’s length party effective May 17, 2024 (the “Effective Date”) under which the Company is granted the exclusive right to explore for and develop minerals on the property for a 20-year term, with an option to purchase the property for US\$1,500,000, for the following consideration:

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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

#### b) Nevada Properties (continued)

##### (iii) Oxford Property (continued)

- US\$17,500 (paid) under a letter of intent dated January 15, 2014 and an extension dated March 15, 2024;
- US\$30,000 (paid) upon signing the definitive agreement on May 17, 2024;
- Annual lease payments of US\$30,000 on the first anniversary of the Effective Date, US\$40,000 on the second anniversary of the Effective Date, US\$50,000 on the third anniversary of the Effective Date, and US\$60,000 on the fourth and each successive anniversary of the Effective Date, such payments to be credited against the purchase price if the Company elects to exercise the option to purchase the Property; and
- NSR royalty of 2.0% which the Company may purchase the first 1.0% for US\$2,000,000 and the second 1.0% for US\$5,000,000 at any time.

#### c) Utah Property

- (i) Keg Property - The Company holds a 100% interest in the Keg property, which is comprised of 63 mineral claims on BLM land and two Utah State leased sections 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.

### 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 June 30, 2024:

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
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### 7. SHARE CAPITAL (CONTINUED)

#### a) Common Shares (continued)

iii) On June 13, 2024, the Company completed a non-brokered private placement (the “2024 Charity FT Unit Offering”) consisting of 2,580,000 charity flow-through units (each, a “2024 CFT Unit”) of the Company priced at \$0.3696 for gross proceeds of \$953,568. Each 2024 CFT Unit is comprised of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.30 per share for a two year term. \$Nil of the 2024 Charity FT Unit Offering was allocated to the warrants. The Company recorded a flow-through premium liability of \$385,338 (Note 9).

The proceeds of the 2024 Charity FT Unit Offering 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 \$953,542 in Qualifying Expenses at December 31, 2024 and to incur such expenses by December 31, 2025.

The Company issued the following common shares during the year ended December 31, 2023:

iv) 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.

v) 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.

vi) 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).

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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### 7. SHARE CAPITAL (CONTINUED)

#### a) Common Shares (continued)

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 June 30, 2024, the Company incurred \$89,193 (year ended December 31, 2023 - \$nil) in Qualifying Expenses and recognized \$29,732 (year ended December 31, 2023 - \$nil) in flow-through share premium income. During the period ended June 30, 2024, the Company recorded \$5,550 in Part XII.6 tax on the remaining expenditure commitment.

- vii) 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 (completed). During the period ended June 30, 2024, the Company incurred \$280,915 (year ended December 31, 2023 - \$695,057) in Qualifying Expenses and recognized \$105,346 (year ended December 31, 2023 - \$260,654) in flow-through share premium income. During the period ended June 30, 2024, the Company recorded \$3,853 in Part XII.6 tax on the expenditure commitment.

- viii) 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.

- ix) 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 June 30, 2024, the Company recorded \$687 in Part XII.6 tax on the remaining expenditure commitment.

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### 7. SHARE CAPITAL (CONTINUED)

#### a) Common Shares (continued)

- x) 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.

#### b) Share-Based Payment Reserves

	June 30, 2024 \$	December 31, 2023 \$
Fair value of stock options and warrants granted or vested	283,597	278,053
Reserves	283,597	278,053

#### c) Share Purchase Warrants

A summary of the Company's share purchase warrants at June 30, 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	4,563,200	\$0.40
Issue of warrants	5,053,364	\$0.30
Balance at June 30, 2024	9,616,564	\$0.35

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)(iv).

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)(v) and 7(a)(vi).

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)(vii).

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)(viii) and 7(a)(ix).

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)(x).



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

### 7. SHARE CAPITAL (CONTINUED)

#### c) Share Purchase Warrants (continued)

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

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

Number of Warrants Outstanding		Exercise Price per Share	Expiry Date
June 30, 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
3,763,364	-	\$0.30	June 4, 2026
1,290,000	-	\$0.30	June 13, 2026
9,616,564	4,563,200		

The weighted average remaining contractual life of warrants outstanding at June 30, 2024 was 1.40 years (December 31, 2023: 1.31 years).

#### 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 June 30, 2024, the Company held 13,415,250 (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 June 30, 2024 and December 31, 2023 and the changes for the periods then ended is presented below:

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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

#### a) Option Plan Details (continued)

	June 30, 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
Exercised	(100,000)	\$0.10	-	-
Cancelled	(25,000)	\$0.10	-	-
Ending balance	2,675,000	\$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.

On May 27, 2024, 100,000 options exercisable at \$0.10 were exercised.

Details of stock options outstanding and exercisable as at June 30, 2024 and December 31, 2023 are as follows:

Expiry Date	Exercise Price	June 30, 2024	December 31, 2023	Weighted Average Remaining Contractual Life (Years)
November 15, 2026	\$0.10	2,075,000	2,200,000	2.38
April 1, 2027	\$0.20	150,000	150,000	2.75
November 16, 2027	\$0.20	200,000	200,000	3.38
June 30, 2028	\$0.22	250,000	250,000	3.92
		2,675,000	2,800,000	2.62

The weighted average remaining contractual life of stock options outstanding at June 30, 2024 was 2.62 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 June 30, 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	-	-

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

### 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
Flow-through share premium liability	385,338
Settlement of flow-through share premium liability pursuant to qualified expenditures	(135,078)
Balance at March 31, 2024	460,841

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 June 30, 2024, the remaining commitment was \$226,503.

As a result of the issuances of flow-through shares on June 13, 2024, the Company had a commitment to incur \$953,542 in qualifying Canadian exploration expenditures on or before December 31, 2025. As of June 30, 2024, the remaining commitment was \$953,542.

### 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	135,000	84,000
Share-based payments	-	22,384
	135,000	106,384

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

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

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

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 June 30, 2024, the Company recorded \$64,800 (2023: \$64,800) in fees payable to the CEO, of which \$50,220 (2023: \$32,400) was capitalized to Exploration and Evaluation Assets in the Consolidated Statement of Financial Position, \$nil (2023: \$nil) was expensed to general exploration and \$14,580 (2023: \$32,400) was expensed to Management in the Consolidated Statement of Loss. Effective July 1, 2024, the monthly fee paid to the CEO was increased to \$11,450.

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 June 30, 2024, the Company recorded \$40,200 (2023: \$19,200) in fees payable to the CFO, of which \$20,100 (2023: \$9,600) was expensed to Management and \$20,100 (2023: \$9,600) was expensed to Salaries and Benefits in the Consolidated Statement of Loss. Effective July 1, 2024, the monthly fee paid to the CFO was increased to \$7,100.

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 June 30, 2024, the Company recorded \$30,000 (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.

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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

#### b) Private Placements (continued)

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

#### c) Office Expenses

During the period ended June 30, 2024, the Company recorded office rent of \$16,260 (2023: \$6,000) and office expenses of \$29,262 (2023: \$14,303) payable to companies with common directors. The Company also recovered office expenses of \$16,222 (2023: \$8,428) from companies with common directors.

#### d) Receivable from Related Party

As at June 30, 2024, the Company has \$3,980 (December 31, 2023: \$nil) receivable from a company with common directors for office expenses, which is due on demand, unsecured and is non-interest bearing.

#### e) Due to Related Party

As at June 30, 2024, the Company has \$9,100 (December 31, 2023: \$1,491) due to related parties which consists of amounts owed to directors and a significant shareholder for salaries and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

As at June 30, 2024, the Company also has \$2,984 (December 31, 2023: \$5,243) due to a company with common directors for office rent and expenses, which is due on demand, unsecured and is non-interest bearing.

### 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

#### *Fair values*

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

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

	June 30, 2024		December 31, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	2,740,623	2,740,623	989,383	989,383
Amortized cost assets (ii)	120,000	120,000	120,000	120,000
Amortized cost liabilities (iii)	156,795	156,795	63,208	63,208

- (i) Cash and restricted cash
- (ii) Reclamation bonds
- (iii) Trade and other payables

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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

#### *Fair values (continued)*

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 June 30, 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and restricted cash	2,740,623	-	-	

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 \$20,075 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 June 30, 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 June 30, 2024, 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 \$2,185,757 as at June 30, 2024 and anticipates that it can meet its financial obligations as they become due in the current fiscal year. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms. The Company's management of liquidity risk has not changed during the period ended June 30, 2024, from that of the prior year.

The following are the contractual maturities of financial liabilities as at June 30, 2024:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	156,795	156,795	156,795	-	-	-

# RED CANYON RESOURCES LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (Expressed in Canadian Dollars)

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

#### *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 June 30, 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 June 30, 2024 of +/- 10% would have an impact of \$3,619 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 \$4,799,056 at June 30, 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.

### 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:

	June 30, 2024			December 31, 2023		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Current assets	2,780,141	23,252	2,803,393	1,035,054	20,270	1,055,324
Reclamation bonds	120,000	-	120,000	120,000	-	120,000
Equipment	1,976	-	1,976	2,254	-	2,254
Exploration and evaluation assets	1,699,021	792,302	2,491,323	1,281,909	638,801	1,920,710
<b>Total assets</b>	<b>4,601,138</b>	<b>815,554</b>	<b>5,416,692</b>	<b>2,439,217</b>	<b>659,071</b>	<b>3,098,288</b>
<b>Total liabilities</b>	<b>612,241</b>	<b>5,395</b>	<b>617,636</b>	<b>273,359</b>	<b>430</b>	<b>273,789</b>

# **RED CANYON RESOURCES LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

**(Expressed in Canadian Dollars)**

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## **14. SUBSEQUENT EVENTS**

### **a) Stock Options**

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