



ZEPHYR MINERALS LTD.

**Consolidated Financial Statements
December 31, 2025 and 2024**

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Zephyr Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Zephyr Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has cash of \$42,440, a working capital deficit of \$39,357, and shareholders' equity of \$5,359,210 as at December 31, 2025. Further, the Company incurred a loss of \$231,535 for the year ended December 31, 2025 and has no operations at this time which generate revenue. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$5,424,172 as of December 31, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

April 21, 2026

ZEPHYR MINERALS LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
Years ended December 31, 2025 and December 31, 2024

	December 31, 2025	December 31, 2024
Assets		
Current		
Cash	\$ 42,440	\$ 95,729
Accounts receivable (note 4)	2,058	8,315
Prepaid expenses and deposits	7,350	7,500
	51,848	111,544
Reclamation bonds (note 5)	136,753	105,671
Exploration and evaluation assets (note 6)	5,424,172	5,118,727
	\$ 5,612,773	\$ 5,335,942
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 7,11)	\$ 91,205	\$ 70,370
Non-Current		
Reclamation obligation (note 9)	136,753	105,671
Promissory note (8, 11)	25,605	25,605
	253,563	201,646
Shareholders' Equity		
Share capital (note 10)	10,909,480	10,618,600
Reserves (note 10)	2,959,074	2,793,505
Deficit	(8,509,344)	(8,277,809)
	5,359,210	5,134,296
	\$ 5,612,773	\$ 5,335,942

Basis of presentation and going concern – Note 2

Subsequent Events – Note 15

Approved on behalf of the Board:

David Felderhof
David Felderhof, Director

Loren Komperdo
Loren Komperdo, Director

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

ZEPHYR MINERALS LTD.**Consolidated Statements of Operations and Comprehensive Loss****(Expressed in Canadian dollars)****Years ended December 31, 2025 and December 31, 2024**

	2025	2024
Operating Expenses		
Filing fees	\$ 15,087	\$ 15,580
Foreign exchange loss (gain)	6,475	(900)
Investor relations	6,604	36,515
Professional fees	36,415	29,181
General and administrative	17,261	9,742
Rent (note 11)	13,020	11,952
Travel	2,529	14,625
Exploration	-	1,994
Transfer agent	14,144	15,364
Salaries and consulting fees (note 11)	24,000	34,835
Share based payments (notes 10,11)	96,000	6,400
Loss and Comprehensive Loss for the year	\$ (231,535)	\$ (175,288)
Loss Per Share – Basic and diluted	(0.003)	(0.002)
Weighted Average Number of Common Shares Outstanding – Basic and diluted	82,117,807	77,436,712

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

ZEPHYR MINERALS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Years ended December 31, 2025 and December 31, 2024

	2025	2024
Operating Activities		
Loss for the year	\$ (231,535)	\$ (175,288)
Items not requiring an outlay of cash		
Share based payments	96,000	6,400
Net changes in non-cash working capital items		
Accounts receivable	6,257	6,185
Prepaid expenses	150	(1,514)
Accounts payable and accrued liabilities	23,863	25,140
Cash Used in Operating Activities	(105,265)	(139,077)
Investing Activities		
Expenditures on exploration and evaluation assets	(287,786)	(71,596)
Reclamation bond	(36,432)	-
Proceeds from sale of exploration and evaluation assets	15,745	-
Cash Used In Investing Activities	(308,473)	(71,596)
Financing Activities		
Issue of common shares, net of share issue costs	254,449	189,602
Exercise of warrants	106,000	-
Proceeds from short-term loans	70,000	-
Repayment of short-term loans	(70,000)	-
Cash Provided by Financing Activities	360,449	189,602
Net Change in Cash for the Year	(53,289)	(21,071)
Cash, Beginning of Year	95,729	116,800
Cash, End of Year	\$ 42,440	\$ 95,729
Non-cash investing and financing activities		
Relative fair value allocation of warrants	\$ 69,569	\$ 71,026
Reclamation obligation included in exploration and evaluation assets	36,432	-
Exploration and evaluation assets included in accounts payable	3,785	6,813
Promissory note issued for accounts payable	-	25,140
Cash paid for interest/tax	-	-

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

ZEPHYR MINERALS LTD.**Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian dollars)****Years ended December 31, 2025 and December 31, 2024**

	Number of shares	Share capital	Reserves	Deficit	Total
		\$	\$	\$	\$
January 1, 2024	75,086,985	10,500,024	2,716,079	(8,102,521)	5,113,582
Share based payments	-	-	6,400	-	6,400
Shares issued in private placement	4,000,000	127,551	72,449	-	200,000
Share issue costs	-	(8,975)	(1,423)	-	(10,398)
Loss for year	-	-	-	(175,288)	(175,288)
December 31, 2024	79,086,985	10,618,600	2,793,505	(8,277,809)	5,134,296
Share based payments	-	-	96,000	-	96,000
Shares issued in private placement	6,500,000	171,053	88,947	-	260,000
Share issue costs	-	(4,326)	(1,225)	-	(5,551)
Exercise of warrants	1,325,000	124,153	(18,153)	-	106,000
Loss for year	-	-	-	(231,535)	(231,535)
December 31, 2025	86,911,985	10,909,480	2,959,074	(8,509,344)	5,359,210

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

1. NATURE OF OPERATIONS

Zephyr Minerals Ltd. and its wholly owned subsidiaries, Zephyr Gold USA Ltd., and Sutter Mining (Private) Limited (collectively, the "Company") is an exploration stage mining company. The Company is incorporated in Canada and is based in Nova Scotia, Canada. The Company's head office is located at 653 – 1475 Lower Water St, Halifax, Nova Scotia, Canada, B3J 3Z2.

The Company is a publicly listed company continued under the Canada Business Companies Act with limited liability under the laws of Canada. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the trading symbol ZFR and on the OTC under the symbol ZPHYF.

2. BASIS OF PRESENTATION AND GOING CONCERN

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

The material accounting policies applied in these consolidated financial statements are presented in Note 3 and are based on IFRS Accounting Standards effective December 31, 2025.

Approval of the financial statements

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on April 21, 2026.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise stated. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2. BASIS OF PRESENTATION AND GOING CONCERN

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(h).

Going concern

As at December 31, 2025, the Company has cash of \$42,440, working capital deficit of \$39,357, shareholders' equity of \$5,359,210, and an accumulated deficit of \$8,509,344. The Company's financial statements as at December 31, 2025 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

The Company incurred a loss of \$231,535 for the year ended December 31, 2025 and has no operations at this time which will generate revenue. Management estimates current working capital is not sufficient to fund all of the company's planned expenditures. In order to alleviate the situation, the Company intends to raise additional capital. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. If the Company is unable to raise additional capital in the future, the Company may need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented.

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The Companies current year accounts have been consolidated with its wholly owned subsidiary Zephyr Gold USA Ltd., and Sutter Mining (Private) Limited.

(b) Functional currency and presentation currency

The functional currency of the Company, and its wholly owned subsidiaries, which is also the presentation currency, is the Canadian dollar.

3. MATERIAL ACCOUNTING POLICIES

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash, demand deposits and highly liquid short-term investments with an initial term of 90 days or less.

(d) Share capital

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as units. Under the relative fair value method, the Company first determines the fair values of the shares and warrants included in the units, then allocates the unit price based on the relative fair value of the instruments included in the unit. The Company considers the fair value of common shares issued in these types of transactions to be determined by the closing quoted bid price on the issuance date. The fair value of the warrants included is determined using the Black-Scholes option pricing model. Any fair value attributed to the warrants is recorded to reserves.

(e) Share based payments

The Company has a stock option plan that is described in note 10. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to share based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share based payments reserve is transferred to share capital.

(f) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. MATERIAL ACCOUNTING POLICIES

(g) Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carry forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, the Company's results of operations and financial position could be materially impacted.

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carry forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, the Company's results of operations and financial position could be materially impacted.

3. MATERIAL ACCOUNTING POLICIES

(h) Critical accounting estimates and judgments

The following are critical accounting estimates made by management:

The amounts recorded for share based payment transactions are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend rate, risk-free interest rate and expected life of the options.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

The amount provided for reclamation obligation is management's best estimate of restoration, rehabilitation and environmental obligation that exist at the statement of financial position date.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

The following accounting policies involve judgments or assessments made by management:

- The determination of the timing of the estimated rehabilitation costs;
- Assessment on whether there are any indicators of impairment for exploration and evaluation assets.
- The Company's ability to continue as a going concern as described in note 2.

(i) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

(j) Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. Once technical feasibility

3. MATERIAL ACCOUNTING POLICIES

and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined by a feasibility study and a decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of these assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined. Exploration and evaluation assets are assessed on an annual basis and these costs are carried forward provided at least one of the following conditions is met:

- Such costs are expected to be recovered through successful exploration and development of the area of interest or by its sale; or
- Exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing, or planned in the future.

(k) Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

i. Financial assets at Fair-value through profit or loss

Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in income (losses) in the period in which they arise.

ii. Financial assets at Fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument basis) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

3. MATERIAL ACCOUNTING POLICIES

iii. Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's cash and accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include accounts payable which are classified at amortized cost.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

(I) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to income (loss) for the period. The net present value of restoration costs arising from subsequent site damage that is incurred

3. MATERIAL ACCOUNTING POLICIES

on an ongoing basis during production are charged to the statement of operations in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against income (loss) as incurred.

(m) Foreign currency translation

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. The functional currency determinations were made by management based on an analysis of factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

(n) New and future accounting pronouncements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expenses in the statement of income and comprehensive income, as well as requiring disclosure about management defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. It will be effective on January 1, 2027, with earlier adoption permitted and it must be adopted on a retrospective basis. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
HST receivable	\$ 2,058	\$ 8,315

5. RECLAMATION BONDS

The Colorado Department of Reclamation and Mining Safety, and the Colorado Bureau of Land Management hold bonds for estimated rehabilitation costs. The funds

are restricted for use as indicated in Note 9. During the year ended December 31, 2025, the Company provided an additional bond of \$36,432 (US\$26,337).

	2025		2024	
Long term bonds related to project reclamations				
Balance at beginning of year	\$	105,671	\$	99,121
Additions		36,432		-
Foreign currency movement		(5,350)		6,550
Balance at end of year		136,753		105,671
(as stated in US\$)	US\$	99,776	US\$	\$73,439

6. EXPLORATION AND EVALUTION ASSETS

	USA Dawson	Zimbabwe MAP Gold	Total
As at December 31, 2023	\$ 5,026,276	\$ 14,042	\$ 5,040,318
Additions	78,409	-	78,409
As at December 31, 2024	\$ 5,104,685	\$ 14,042	\$ 5,118,727
Additions	284,758	-	284,758
Reclamation obligation (note 9)	36,432	-	36,432
Disposition	(15,745)		(15,745)
As at December 31, 2025	\$ 5,410,130	\$ 14,042	\$ 5,424,172

USA

The Dawson property comprises 57 contiguous unpatented lode mining claims, eight patented lode mining claims and two patented placer claims located in Colorado. The Company holds a 100% interest in the unpatented claims, a 100% interest in the Judith Placer claim, 50% interest in the eight patented claims, and a 50% interest in one patented placer claim, which constitute Dawson.

The 50% of the eight patented lode mining claims not held by the Company is leased by the Company through a "Mining Lease and Agreement" which effectively gives the Company 100% control of these claims. Twenty-one of the 51 unpatented claims, the eight patented lode mining claims, and the 50% interest in the one patented placer

6. EXPLORATION AND EVALUATION ASSETS

claim are subject to a sliding scale Net Smelter Return ("NSR") whereby the Company agrees to pay up to a 3% NSR as contemplated in the Mining Lease and Agreement.

The Company is currently required to make annual advance royalty payments in terms of its Mining Lease and Agreement in the amount of US\$25,000 per year. These advance royalties can be applied in the future to reduce the actual production royalty expense incurred. The Company paid and recorded the 2026 obligation in fiscal 2025, and the 2025 obligation in fiscal 2024. To date, advance royalty payments total US\$629,000 which can be so applied. The Company is also obliged to make a payment of US\$90,000 in the event of embarking on an underground program.

In 2025 the Company sold a patented lode claim to a third party for gross proceeds of \$15,745 (US\$11,500). Proceeds from the sale of the non-essential claim were applied as a reduction of the carrying value of the total Dawson property.

Zimbabwe

In 2021 the Company launched a wholly owned subsidiary, Sutter Mining (Private) Limited ("Sutter"), in Zimbabwe, which is scouting out prospective gold properties in that country. In 2021 two applications for Exclusive Prospecting Orders ("EPO") over areas prospective for gold mineralization were lodged with the Zimbabwe Ministry of Mines and Mine Development and have been processed by that agency. Both applications remain outstanding as at the date of this report and are awaiting approval by the President of Zimbabwe.

On February 7, 2023, the Company entered into an option agreement to acquire up to an 80% interest in the MAP Gold property from an arm's length citizen of Zimbabwe. Under the terms of the option agreement, the Company can acquire 75% of MAP Gold by paying US\$165,000 over two years as well as certain cash payments based on the quantity of gold discovered. In addition, in the event a mine is built, the Company will pay the optionor US\$ 250,000 upon declaration of commercial production. At the Company's discretion, it has the right to buy 20% of the optionor's 25% interest, hereby increasing the Company's interest in the property to 80%. The optionor is permitted to continue small scale mining within prescribed parameters from areas currently being mined until the Company makes a decision to transfer the claims into a new operating company, owned as to the Company 75% (with option to go to 80%) and the optionor 25% (potentially decreased to 20%).

Certain conditions need to be met before exploration can begin including acquiring four additional claims which are included in the agreement. These conditions remain outstanding, and as a result no exploration work has been conducted on this property. Efforts continue to resolve this final issue prior to commencing exploration on the property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025		December 31, 2024	
Trade payables	\$	36,209	\$	39,632
Accrued liabilities		54,996		30,738
	\$	91,205	\$	70,370

8. PROMISSORY NOTE

An officer of the Company agreed to a long-term deferral of fees for the first quarter of 2024, in the amount of \$ 25,605 (2024 - \$25,605), by way of a promissory note. The promissory note is non-interest bearing and unsecured with a repayment date of January 31, 2027, or such other date as agreed to by the officer and the Company.

9. RECLAMATION OBLIGATION

At Dawson, the Company recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. At December 31, 2025 the Company has recognized an environmental reclamation obligation in the amount of \$136,753 (US\$99,776) (2024 - \$105,671 (US\$73,439)) to rehabilitate work the Company has done to advance exploration on the Dawson property. This amount has been capitalized by increasing the carrying amount of its exploration and evaluation assets. At present the timing of the obligation is unknown and will depend primarily on the results of its future exploration program. As such the full amount of the estimated liability has been recognized and has not been discounted. Changes in the estimated timing of rehabilitation or changes to the estimated future costs will be dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates. The Company assesses its rehabilitation provision on a quarterly basis. Actual reclamation costs, when incurred, will be charged against the provision. As noted in note 5 above, as at December 31, 2025 the Company has \$136,753 (US\$99,776) (2024 - \$105,671 (US\$73,439)) in bonds held to cover the reclamation obligation.

10. SHARE CAPITAL AND RESERVES

Authorized capital consists of an unlimited number of common shares.

Issuance of common shares issued in 2025

On July 25, 2025, the Company completed a private placement through the issuance of 6,500,000 units at a price of \$0.04 per unit raising \$260,000. Each unit consists of one common share and one whole common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.08 per share for a period of thirty-six months from the closing date. The Company used the relative fair value approach to allocate \$88,947 of consideration to the warrants. In determining the value of the warrants, the fair value of the warrants

10. SHARE CAPITAL AND RESERVES

issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used.

Risk-free interest rate	2.81%
Expected dividend yield	0.00%
Expected stock price volatility	101.00%
Expected life of warrants	3.0 years
Grant date fair value of warrant	\$0.023

The Company incurred share issuance costs of \$5,551 and issued 43,750 finder's fee warrants with a fair value of \$875. Each finder's fee warrant is exercisable into one common share of the Company at \$0.08 per share for thirty-six months from the closing date. The finder's fee warrants were recorded at their fair value at time of issuance and shown as part of share issue costs netted against share capital. The terms and assumptions used were the same as those for the warrants above.

Of the total share issuance costs, \$4,326 was allocated to share capital with the balance allocated to warrants.

Issuance of common shares in 2024

On May 31, 2024, the Company completed a private placement through the issuance of 4,000,000 units at a price of \$0.05 per unit raising \$200,000. Each unit consists of one common share and one whole common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.08 per share for a period of thirty-six months from the closing date. The Company used the related fair value approach to allocate \$72,449 of consideration to the warrants. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used.

Risk-free interest rate	4.04%
Expected dividend yield	0.00%
Expected stock price volatility	98.00%
Expected life of warrants	3.0 years
Grant date fair value of warrant	\$0.034

The Company incurred share issuance cost of \$10,398 and issued 131,250 finder's fee warrants with a fair value of \$3,675. Each finder's fee warrant is exercisable into one common share of the Company at \$0.08 per share for thirty- six months from the closing date. The finder's fee warrants were recorded at their fair value at time of issuance. The terms and assumptions used were the same as those for the warrants above.

Of the total share issuance costs, \$8,975 was allocated to share capital with the balance allocated to warrants.

10. SHARE CAPITAL AND RESERVES

Warrants

A summary of the change in warrants for the years ended December 31, 2025 and December 31, 2024 is provided below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2024	4,189,700	0.13	0.60
Issued	4,131,250	0.08	
Expired	(4,189,700)	0.13	
At December 31, 2024	4,131,250	0.08	2.41
Issued	6,543,750	0.08	
Exercised	(1,325,000)	0.08	
At December 31, 2025	9,350,000	0.08	2.06

As at December 31, 2025, warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants	Exercise Price	Expiry Date	Years to Expiry
May 31, 2024	4,131,250	\$0.08	May 31, 2027	1.41
July 25, 2025	5,218,750	\$0.08	July 25, 2028	2.57

Share-based compensation plan

The Company has an incentive share-based compensation plan (the "Plan") which permits the Board of Directors to grant stock option to directors, officers, employees and consultants. The total number of options issued at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approval are obtained. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. Options granted under the Plan have a maximum term of ten years.

On May 29, 2025 the Company granted an aggregate of 3,000,000 stock options to directors and officers to purchase 3,000,000 common shares of the Company. The exercise price of the stock options is \$0.05 per share and the options expire five years from the date of grant.

On December 18, 2024 the Company granted stock options to a newly appointed director to purchase 400,000 common shares of the Company. The exercise price of the stock options is \$0.05 per share and the options expire five years from the date of grant.

10. SHARE CAPITAL AND RESERVES

In determining the share-based payments expense the fair value of the options issued were estimated using a Black-Scholes option pricing model with the following assumptions:

	2025	2024
Risk-free interest rate	2.82%	3.04%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	115.65%	99.90%
Expected life of options	5 years	5 years
Fair value at grant date	\$0.032	\$0.016

A summary of the change in stock options for the periods ended December 31, 2025 and December 31, 2024 is provided below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2024	6,900,000	0.19	2.3
Issued	400,000		
Expired	(1,600,000)	0.22	
At December 31, 2024	5,700,000	0.17	1.9
Issued	3,000,000	0.05	
Expired	(875,000)	0.26	
At December 31, 2025	7,825,000	0.11	2.4

As at December 31, 2025, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options	Exercise Price	Expiry Date	Years to Expiry
March 3, 2021	2,225,000	\$0.19	March 3, 2026	0.18
January 13, 2022	1,000,000	\$0.16	January 13, 2027	1.03
January 17, 2023	1,200,000	\$0.11	January 17, 2028	2.04
December 18, 2024	400,000	\$0.05	December 18, 2029	3.96
May 29, 2025	3,000,000	\$0.05	May 29, 2030	4.41

On March 3, 2026, 2,225,000 stock options expired.

11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Board of Directors and corporate officers. Included in accounts payable and accrued liabilities is \$28,010 (2024 - \$31,620) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended December 31, 2025 and 2024 were as follows:

	2025		2024	
Salaries and consulting fees	\$	24,000	\$	31,605
Share-based payments		96,000		6,400
	\$	120,000	\$	38,005

- (i) Share-based payments are the fair value of options granted to key management personnel and directors.

In 2025, rent of \$13,020 (2024 - \$10,785) was paid or became payable to an officer for the Company's office in Halifax, Nova Scotia. The rental term is monthly.

In 2025, the Company received short-term, non-interest-bearing, unsecured loans totaling \$70,000 from directors of the Company, all of which were fully repaid within the year.

In 2024, an officer of the Company agreed to a long-term deferral of fees in the amount of \$25,605, by way of a promissory note. The promissory note is non-interest bearing and unsecured with a repayment date of January 31, 2027, or such other date as agreed to by the officer and the Company.

12. FINANCIAL INSTRUMENTS

The Company has designated its cash as amortized cost; accounts receivable, promissory note, and accounts payable and accrued liabilities are carried at amortized cost.

Management of capital risk

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds will be required to finance the Company's Exploration and Evaluation Assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. FINANCIAL INSTRUMENTS

As at December 31, 2025, the Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2025.

Fair value

Cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, and promissory note are classified as financial instruments at amortized cost. These financial instruments approximate their fair values at the statement of financial position dates, due to the relative short-term maturity of the instruments.

Credit risk

The Company is exposed to credit risk with respect to its cash and accounts receivable. The credit risk associated with cash is minimal as cash has been placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The Company is not exposed to significant credit risk with respect to accounts receivable, as the entire amount due is from a government agency.

Liquidity risk

The Company's approach to managing liquidity risk is to arrange equity financings in a timely manner so as to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company had a cash balance of \$42,440 to settle current liabilities of \$91,205. All of the Company's financial liabilities, other than the interest free promissory note due in January 2027, have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future.

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 comprises three types of risk: interest rate, foreign currency risk and other price risk.

(a) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(b) Foreign currency rate risk

Although the Company's principal exploration asset is based in the United States of America, the low annual maintenance costs have led the Company to conclude that it does not believe it is exposed to any significant foreign currency risk at the present time.

12. FINANCIAL INSTRUMENTS

(c) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

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

13. INCOME TAXES

The Company has non- capital losses of approximately \$7,543,000 (2024 - \$7,351,000) available that may be carried forward and applied against future income for Canadian income tax purposes. The tax effect has not been recorded in the consolidated financial statements. The non-capital losses expire, if unused, as follows:

2030	\$	293,000
2031		309,000
2032		458,000
2033		365,000
2034		273,000
2035		376,000
2036		506,000
2037		367,000
2038		430,000
2039		421,000
2040		447,000
2041		346,000
2042		539,000
2043		2,025,000
2044		202,000
2045		186,000
	\$	<u>7,543,000</u>

In addition to the above non-capital loss carry-forwards the Company has approximately \$4,930,000 (2024 - \$4,842,000) in exploration expenditures deductible from future taxable income.

The Company recognizes tax benefits on losses or other deductible amounts generated where the probable criteria for the recognition of deferred tax assets has been met.

13. INCOME TAXES

Consequently, the Company has tax assets relating to deductible temporary differences and unused tax losses of \$7,543,000 (2024 - \$7,351,000) for which no deferred tax asset is recognized, as it is not probable that the deferred tax assets will be realized in the future.

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	2025	2024
Mineral resource properties	\$ (494,000)	\$ (276,000)
Share issue costs	26,000	22,000
Non-capital losses carried forward	7,543,000	7,351,000
	\$ 7,075,000	\$ 7,097,000

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 31% (2024 - 31%) to income before income taxes. The reasons for the differences are as follows:

	2025	2024
Statutory tax rate	31%	31%
Expected income tax expense (recovery)	\$ (72,000)	\$ (54,000)
Items non-deductible (deductible) for tax purposes, net	14,000	(9,000)
Unused tax losses and tax offset not recognized in tax assets	58,000	(63,000)
	\$ -	\$ -

14. SEGMENTED INFORMATION

The company operates in one segment being the exploration and evaluation of mineral properties. The company's non-current assets as at December 31, 2025 and 2024 were located in geographical regions as follows:

December 31, 2025	USA	Zimbabwe	Total
Exploration and Evaluation Assets	\$ 5,410,130	\$ 14,042	\$ 5,424,172
Reclamation Bond	136,753	-	136,753
Total	\$ 5,546,883	\$ 14,042	\$ 5,560,925

December 31, 2024	USA	Zimbabwe	Total
Exploration and Evaluation Assets	\$ 5,104,685	\$ 14,042	\$ 5,118,727
Reclamation Bond	105,671	-	105,671
Total	\$ 5,210,356	\$ 14,042	\$ 5,224,398

15. SUBSEQUENT EVENT

On February 4, 2026, the Company completed a private placement through the issuance of 5,200,000 units at a price of \$0.05 per unit raising \$260,000. Each unit consists of one common share and one whole common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period of twenty-four months from the closing date.

On February 6, 2026 and March 12, 2026, 725,000 and 450,000 warrants, respectively, were exercised, resulting in proceeds of \$94,000 to the Company.