ZEPHYR
MINERALS LTD

Unaudited Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

Notice of disclosure of non-auditor review of condensed consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of the Company for the period ended June 30, 2026, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these condensed consolidated interim financial statements.

ZEPHYR MINERALS LTD.

Unaudited Condensed Consolidated Statements of Financial Position
As at June 30, 2026 and December 31, 2025

		June 30, 2026		December 31, 2025
Assets				
Current				
Cash and cash equivalents	$	180,474	$	42,440
Accounts receivable (note 3)		8,390		2,058
Prepaid expenses and deposits		12,069		7,350
		200,933		51,848
Reclamation bonds (notes 4, 8)		141,782		136,753
Exploration and evaluation assets (note 5)		5,582,744		5,424,172
	$	5,925,459	$	5,612,773
Liabilities				
Current				
Accounts payable and accrued liabilities (notes 6,10)	$	144,885	$	91,205
Long Term				
Reclamation obligation (notes 4, 8)		141,782		136,753
Promissory note (notes 7,10)		25,605		25,605
		312,272		253,563
Equity				
Share Capital (note 9)		11,168,938		10,909,480
Share-based payments reserve		3,188,014		2,959,074
Deficit		(8,743,765)		(8,509,344)
		5,613,187		5,359,210
	$	5,925,459	$	5,612,773

Basis of presentation and going concern – Note 2

Approved by the Board of Directors

Signed "*Loren Komperdo*", Director

Signed "*David Felderhof*", Director

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

ZEPHYR MINERALS LTD.

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss
For the Six Months Ended June 30

		2026		2025
Operating Expenses				
Filing fees	$	15,714	$	13,675
Foreign exchange loss (gain)		(3,083)		2,276
Investor relations		914		6,356
Professional fees		19,657		16,037
General and administrative		5,042		9,022
Rent		6,510		6,510
Travel		302		1,465
Transfer agent		10,326		10,068
Wages and consulting fees		30,989		12,000
Share-based payments		148,050		96,000
Net Loss and Comprehensive Loss for Period	$	(234,421)	$	(173,409)
Loss Per Share – Basic		(0.003)		(0.002)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		91,883,118		79,086,985

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

ZEPHYR MINERALS LTD.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended June 30

		2026		2025
Operating Activities				
Net loss	$	(234,421)	$	(173,409)
Items not involving cash				
Share-based payments		148,050		96,000
Net changes in non-cash working capital items				
Accounts receivable		(6,332)		1,237
Prepaid expenses		(4,719)		4,000
Accounts payable and accrued liabilities		18,381		(5,488)
Cash Used in Operating Activities		(79,041)		(77,660)
Investing Activities				
Expenditures on exploration and evaluation assets		(123,273)		(12,930)
Reclamation bond		-		(35,932)
Cash Used for Investing Activities		(123,273)		(48,862)
Financing Activities				
Short term loan		-		50,000
Issue of common shares, net of share issue costs		246,348		
Exercise of warrants		94,000		-
Cash Provided by Financing Activities		340,348		50,000
Net Change in Cash and Cash Equivalents for the Period		138,034		(76,522)
Cash and Cash Equivalents, Beginning of Period		42,440		95,729
Cash and Cash Equivalents, End of Period	$	180,474	$	19,207
Non-cash investing and financing activities:				
Relative fair value allocation of warrants		80,889		-
Reclamation obligation included in exploration and evaluation assets		5,029		35,932
Exploration and evaluation assets included accounts payable		39,084		1,291
Cash paid for interest and income tax		-		-

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

ZEPHYR MINERALS LTD.

Unaudited Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2026

	Number of shares	Share capital $	Reserves $	Deficit $	Total $
January 1, 2025	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
Share based payments	-	-	148,050		148,050
Shares issued in private placement	5,200,000	162,500	97,500	-	260,000
Share issue costs	-	(13,140)	(512)	-	(13,652)
Exercise of warrants	1,175,000	110,098	(16,098)	-	94,000
Loss for period	-	-	-	(234,421)	(234,421)
June 30, 2026	93,286,985	11,168,938	3,188,014	(8,743,765)	5,613,187

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

1. NATURE OF OPERATIONS

Zephyr Minerals Ltd. and its wholly owned subsidiaries, Zephyr Gold USA Ltd., and Sutter Mining (Pvt) 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 Corporations Act with limited liability under the laws of Canada. The Company's shares trade on the TSX Venture Exchange ("TSXV").

2. BASIS OF PRESENTATION & GOING CONCERN

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended December 31, 2025.

These condensed consolidated interim financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025, which are available on SEDAR+ at www.sedarplus.ca.

Approval of the financial statements

These condensed consolidated interim financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on August 25, 2026.

Basis of presentation

These condensed consolidated financial statements, including comparatives, have been prepared using the same accounting policies and methods of computation as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2025. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025.

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in Note 3(i) to the Company's audited consolidated financial statements for the year ended December 31, 2025.

Going Concern

These condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of business.

As at June 30, 2026, the Company had cash of $180,474, working capital of $56,048, shareholders' equity of $5,613,187 and an accumulated deficit of $8,743,765. During the six months ended June 30, 2026, the Company incurred a net loss of $234,421 and has no operating revenues. Although the Company has sufficient working capital to meet its current obligations, additional financing will be required to fund planned exploration and corporate activities.

Management's assessment of the Company's ability to continue as a going concern considers all available information for a period of at least 12 months from the end of the reporting period. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing. If the Company is unable to secure adequate financing, it may be required to reduce or suspend its exploration and evaluation activities, dispose of assets, seek financing on less favourable terms, or pursue other alternatives. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

3. ACCOUNTS RECEIVABLE

	June 30, 2026	December 31, 2025
HST receivable	$ 8,390	$ 2,058

4. RECLAMATION BONDS

The Colorado Division of Reclamation, Mining and Safety, and the Colorado Bureau of Land Management hold bonds for estimated rehabilitation costs. The funds are restricted for use as indicated in Note 8.

		June 30, 2026		December 31, 2025
Long term bonds related to project reclamations				
Balance at beginning of period	$	136,753	$	105,671
Additions		-		36,432
Foreign currency movement		5,029		(5,350)
Balance at end of period		141,782		136,753
(as stated in US$)	US$	$99,776	US$	99,776

5. EXPLORATION AND EVALUATION ASSETS

	USA Dawson	Zimbabwe MAP Gold	Total
As at December 31, 2024	$ 5,104,685	$ 14,042	$ 5,118,727
Additions	284,758	-	284,758
Reclamation obligation (note 8)	36,432	-	36,432
Disposition	(15,745)	-	(15,745)
As at December 31, 2025	$ 5,410,130	$ 14,042	$ 5,424,172
Additions	158,572	-	158,572
As at June 30, 2026	$ 5,568,702	$ 14,042	$ 5,582,744

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 57 unpatented claims, the eight patented lode mining claims, and the 50% interest in the one patented placer 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 incorporated its wholly owned subsidiary, Sutter Mining (Pvt) Limited ("Sutter"), in Zimbabwe to pursue gold exploration opportunities. During 2021, Sutter submitted two applications for Exclusive Prospecting Orders ("EPOs") covering areas prospective for gold mineralization, which remained pending at June 30, 2026. Refer to Note 13 – Subsequent Events.

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.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30 2026		December 31 2025
Trade payables	$	123,639	$	36,209
Accrued liabilities		21,246		54,996
	$	144,885	$	91,205

7. PROMISSORY NOTE

An officer of the Company agreed to defer payment of fees earned during the first quarter of 2024 in the amount of $25,605 by way of a non-interest-bearing, unsecured promissory note. The promissory note is repayable on January 31, 2028, or on such other date as may be agreed between the officer and the Company.

8. 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 June 30, 2026 the Company has recognized an environmental rehabilitation obligation in the amount of $141,782 (US$99,776) (2025 – 136,753 (US$99,776)) 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 4, the Company has $141,782 (US$99,776) (2025 – 136,753 (US$99,776)) in bonds held to cover the reclamation obligation.

9. SHARE CAPITAL AND RESERVES

Authorized capital consists of an unlimited number of common shares.

Issuance of common shares in 2026

On February 5, 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. In connection with this private placement, the Company issued 189,000 non-transferable finders' warrants. The Company used the relative fair value approach to allocate $97,500 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	2.55%
Expected dividend yield	0.00%
Expected stock price volatility	126.00%
Expected life of warrants	2.0 years
Grant date fair value of warrant	$0.039

Issuance of common shares 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. In connection with this private placement, the Company issued 43,750 non-transferable finders' warrants. 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 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

Warrants

There were no warrants issued in the first half of 2025. A summary of the change in warrants for the periods ended June 30, 2026 and December 31, 2025 is provided below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2025	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
Issued	5,389,000	0.10	
Exercised	(1,175,000)	0.08	
At June 30, 2026	13,564,000	0.09	1.53

As at June 30, 2026, 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	0.92
July 25, 2025	4,043,750	$0.08	July 25, 2028	2.07
February 5, 2026	5,389,000	$0.10	February 5, 2028	1.60

Share-based compensation plan

The Company has an incentive share-based compensation plan (the "Plan") which permits the Board of Directors to grant stock options 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 TSXV at the time of the grant. Options granted under the Plan have a maximum term of ten years.

On May 21, 2026 the Company granted an aggregate of 3,150,000 stock options to directors and officers to purchase 3,150,000 common shares of the Company. The exercise price of the stock options is $0.08 per share and the options expire five years from the date of grant.

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.

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:

	2026	2025
Risk-free interest rate	3.23%	2.82%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	99.48%	115.65%
Expected life of options	5 years	5 years
Fair value at grant date	$0.047	$0.032

A summary of the change in stock options for the periods ended June 30, 2026 and December 31, 2025 is provided below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2025	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
Issued	3,150,000	0.08	
Expired	(2,225,000)	0.19	
At June 30, 2026	8,750,000	0.08	3.5

As at June 30, 2026, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options	Exercise Price	Expiry Date	Years to Expiry
January 13, 2022	1,000,000	$0.16	January 13, 2027	0.54
January 17, 2023	1,200,000	$0.11	January 17, 2028	1.55
December 18, 2024	400,000	$0.05	December 18, 2029	3.47
May 29, 2025	3,000,000	$0.05	May 29, 2030	3.92
May 21, 2026	3,150,000	$0.08	May 21, 2031	4.89

10. 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 $40,849 (2025 - $36,422) due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2026 and 2025 were as follows:

	2026	2025
Salaries and consulting fees	$ 29,000	$ 12,000
Share-based payments	148,050	96,000
	$ 177,050	$ 108,000

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

In the six-month period ended June 30, 2026, rent of $6,510 (2025 - $6,510) was paid or became payable to an officer for the Company’s office in Halifax, Nova Scotia. The rental term is month-to-month.

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

An officer of the Company agreed to defer payment of fees earned during the first quarter of 2024 in the amount of $25,605 by way of a non-interest-bearing, unsecured promissory note. The promissory note is repayable on January 31, 2028, or on such other date as may be agreed between the officer and the Company.

11. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as fair value through profit or loss; accounts receivable 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 cash and cash equivalents. 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.

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 June 30, 2026, the Company had a cash balance of $180,474 to settle current liabilities of $144,885. All of the Company's financial liabilities, other than the interest free promissory note due in January 2028, 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.

(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.

12. SEGMENTED INFORMATION

The Company operates in one segment being the exploration and evaluation of mineral properties. The Company's non-current assets as at June 30, 2026 and December 31, 2025 were located in geographical regions as follows:

June 30, 2026		**USA**		**Zimbabwe**		**Total**
Exploration and Evaluation Assets	$	5,568,702	$	14,042	$	5,582,744
Reclamation Bond		141,782		-		141,782
Total	$	5,710,484	$	14,042	$	5,724,526

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

13. SUBSEQUENT EVENTS

On July 21, 2026, the Company announced that its Zimbabwe subsidiary, Sutter Mining (Pvt) Ltd., received notice from the Ministry of Mines and Mining Development that its two Exclusive Prospecting Order ("EPO") applications numbered 17/2021 and 33/2021 have been rejected. The notice of rejection did not provide specific reasons for the decision. On July 24, 2026 the Company submitted a formal appeal to seek full reconsideration of the applications.