Canasil resources inc.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Expressed in Canadian Dollars

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Canasil Resources Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Canasil Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company's ability to continue as a going concern is dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. These matters, along with other matters as set forth in Note 1, 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 our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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. 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, 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 units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 period 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 William Nichols.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
May 26, 2025

CANASIL RESOURCES INC.

CONSOLIDATED BALANCE SHEETS

As at

Expressed in Canadian Dollars

ASSETS		December 31, 2024		December 31, 2023
Current				
Cash	$	4,865	$	6,952
Receivables		4,717		10,605
Prepaid expenses		4,563		5,573
		14,145		23,130
Reclamation bonds		47,000		47,000
	$	61,145	$	70,130

LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	268,310	$	235,975
Amounts due to related parties *(Note 7)*		115,000		65,000
		383,310		300,975
Amounts due to related parties-non-current *(Note7)*		250,000		225,000
		633,310		525,975
SHAREHOLDERS' DEFICIENCY				
Share capital *(Note 5)*		25,801,822		25,801,822
Contributed surplus		6,952,516		6,952,516
Accumulated other comprehensive income		624,830		624,830
Deficit		(33,951,333)		(33,835,013)
		(572,165)		(455,845)
	$	61,145	$	70,130

Nature and continuance of operations *(Note 1)*
Subsequent event *(Note 11)*

ON BEHALF OF THE BOARD:

"Alvin W. Jackson", Director

"Gary D. Nordin", Director

- the accompanying notes are an integral part of these consolidated financial statements -

CANASIL RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed in Canadian Dollars

	Number of Shares		Share Capital *(Note 5)*		Contributed Surplus		Accumulated Other Comprehensive Income		Deficit		Total
Balance – December 31, 2022	137,147,613	$	25,601,822	$	6,952,516	$	624,830	$	(33,258,730)	$	(79,562)
Shares issued for debt	6,666,667		200,000		-		-		-		200,000
Comprehensive loss for the year	-		-		-		-		(576,283)		(576,283)
Balance – December 31, 2023	143,814,280		25,801,822		6,952,516		624,830		(33,835,013)		(455,845)
Comprehensive loss for the year	-		-		-		-		(116,320)		(116,320)
Balance – December 31, 2024	143,814,280	$	25,801,822	$	6,952,516	$	624,830	$	(33,951,333)	$	(572,165)

CANASIL RESOURCES INC.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31,

Expressed in Canadian Dollars

		2024		2023
Expenses				
Accounting and audit	$	20,500	$	20,876
Consulting		-		24,000
Depreciation		-		5,739
Exploration and evaluation *(Note 3)*		15,931		186,226
Foreign exchange loss		(10,689)		15,241
Gain on disposal of assets		(12,641)		(16,759)
Write-off of property and equipment		-		31,686
Legal fees		3,717		63,408
Listing and filing fees		180		17,967
Management fees		-		30,000
Office services and supplies		12,344		36,547
Other income		(1,636)		(6,114)
Salaries		75,000		150,000
Shareholder communications		2,543		5,022
Transfer agent fees		11,071		12,444
Loss and Comprehensive loss for the year	$	(116,320)	$	(576,283)
Loss per share – basic and diluted	$	(0.00)	$	(0.00)
Weighted-average shares outstanding – basic and diluted		143,814,280		139,693,401

CANASIL RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

Expressed in Canadian Dollars

CASH RESOURCES PROVIDED BY (USED IN)	**2024**	**2023**
Operating activities		
Loss for the year	$ (116,320)	$ (576,283)
Items not involving cash		
Depreciation	-	5,739
Gain on disposal of assets	(12,641)	(16,759)
Write-off of property and equipment	-	31,686
Changes in non-cash working capital items:		
Receivables	5,888	14,980
Prepaid expenses	1,010	14,478
Accounts payable and accrued liabilities	32,335	66,526
Due to related parties	75,000	180,000
	(14,728)	(279,633)
Investing activities		
Proceeds from sale of assets	12,641	32,313
	12,641	32,313
Financing activities		
Share issuance for loan settlement	-	200,000
Cash provided by financing activities	-	200,000
Change in cash for the year	(2,087)	(47,320)
Cash position - beginning of year	6,952	54,272
Cash position - end of year	$ 4,865	$ 6,952

1. NATURE AND CONTINUANCE OF OPERATIONS

Canasil Resources Inc. ("Canasil" or the "Company") is a mineral exploration company incorporated in British Columbia with its head office located at 1600 - 925 West Georgia Street. The Company was cease traded on December 5, 2023 and the cease trade currently remains in place. The Company is considered to be in the exploration stage with respect to its interests in mineral properties, which are located in Canada and Mexico. Based on the information available to date, the Company has not yet determined whether these properties contain ore reserves. The Company's continuing operation is dependent upon the confirmation of reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2024 the Company had a working capital deficiency of $369,165 (2023 – $277,845). Consistent with other junior exploration companies, the Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company has incurred operating losses since inception and as at December 31, 2024 had an accumulated deficit of $33,951,333 (2023 - $33,835,013).

These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee using those standards in effect for the reporting year ended December 31, 2024. The Company's board of directors approved these consolidated financial statements on May 26, 2025.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for those items classified as fair value through profit and loss or fair value through other comprehensive income, using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION - *continued*

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: CRD Minerals Corp., Canmine Minerals Inc., Minera Canasil S.A. de C.V. and Minera CRD S.A. de C.V. 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 inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in profit or loss for the period.

Exploration and evaluation

The Company is currently in the exploration stage in respect of all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, option payments, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing. Expenditure recoveries are recorded in the period that the payments are received.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Financial Instruments

The Company classifies its financial instruments in accordance with IFRS 9 **–** *Financial Instruments,* based on the Company's business model for managing its financial instruments, including the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. Financial instruments are classified under three primary measurement categories: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, upon initial recognition the Company can make a one-time irrevocable election to designate them as FVTOCI.

Financial assets

FVTPL

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon derecognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

FVTOCI

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon derecognition. Realized gains and losses recognized upon derecognition remain within accumulated other comprehensive income.

Amortized cost

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

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.

The following table summarizes the classification of the Company's financial instruments:

Financial Instrument	Classification
Cash	Amortized cost
Receivables	Amortized cost
Reclamation bonds	Amortized cost
Accounts payable	Amortized cost
Amounts due to related parties	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Restoration provisions

The Company recognizes liabilities for legal, statutory, contractual, and constructive obligations associated with the reclamation or rehabilitation of mineral properties that the Company is required to settle. The Company recognizes the fair value of liabilities for such obligations in the period in which they occur or in the period in which a reasonable estimate of such costs can be made. The obligation is recorded as a liability with a corresponding charge to operations. The liability is accreted over time to reflect an interest element in the estimated future cash flows considered in the initial measurement. The Company's estimates of provisions for restoration obligations could change as a result of changes in regulations, the discount rate, the extent of environmental remediation required, the means of reclamation, or the cost estimates. Changes in estimates are recorded in the period in which the estimates are revised. The Company has determined that it had no significant restoration obligations as at December 31, 2024 or 2023.

Impairment

Non-financial assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial assets are reviewed at the end of each reporting period for objective evidence indicating that changes in the market, economic, or legal environment has had a negative effect on the estimated future cash flows of the asset or group of assets. The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Share-based compensation

The Company uses the fair value method whereby share-based compensation costs are recognized over the vesting periods for grants of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to share capital. The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of its share-based compensation. The fair value of each grant is measured at the grant date and, where vesting is not immediate, each tranche is recognized over the vesting period. In situations where options are granted to non-employees and some or all of the services provided cannot be specifically valued, the services are measured at the fair value of the share-based compensation. At each reporting period-end, the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments and its effect on earnings per share is calculated based on the use of the proceeds that would be obtained upon exercise of in-the-money options, warrants and similar instruments. It is assumed that the proceeds would be used to purchase common shares at the average market price during the period. Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share due to their anti-dilutive effect.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Share capital

Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue. The Company uses the residual value approach in respect of unit offerings, whereby the amount assigned to the warrant is the excess, if any, of the unit price over the trading price of the Company's shares at the date of issuance.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities known as flow-through shares, the proceeds of which are used to finance certain exploration expenditures on Canadian resource properties. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Proceeds from the issuance of flow-through shares are allocated between the offering of the flow-through share and the estimated premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through share. The premium, if any, is recognized as a liability until such time as the qualifying exploration expenditures are incurred. The Company derecognizes the liability to the extent that the qualifying exploration expenditures have been made and recognizes a deferred tax recovery for the amount of the tax reduction renounced to the shareholders.

Significant accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates.

The Company's most significant accounting judgements relate to the probability of recognition of the benefit of deferred tax assets, the determination of assumptions used to estimate share-based compensation, and the determination of functional currency.

The Company has not recognized its deferred tax assets as management does not currently consider it probable that these assets will be recovered.

The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of stock options, which requires the input of subjective assumptions including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate. Changes in these subjective input assumptions can materially affect the fair value estimate. Share-based compensation is a non-cash expense item that affects profit or loss and shareholders' equity and has no effect upon the Company's assets or liabilities.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiaries is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in either the Mexican peso or the U.S. dollar, the subsidiaries have no revenues from operations and are entirely dependent upon the Company for financing of its operations and exploration activities, which are largely determined in Canada.

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Income taxes

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the liability method, which recognizes differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are recognized only to the extent that sufficient taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the period that the substantive enactment occurs. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of the following:

		2024		2023
Cash				
Cash on deposit	$	4,865	$	6,952
Receivables				
Goods and services tax and other	$	4,717	$	10,605
Reclamation bonds	$	47,000	$	47,000
Accounts payable	$	268,310	$	235,975
Amounts due to related parties	$	365,000	$	290,000

Cash, receivables, reclamation bonds, accounts payable, and amounts due to related parties are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short-term nature. The Company is exposed to various financial risks in respect of its financial instruments as detailed below. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's primary credit risk is associated with its cash, receivables, and reclamation bonds.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - *continued*

Credit Risk - *continued*

The Company's Canadian cash is held in chequing accounts at major Canadian banks with high investment grade ratings. Reclamation bonds are held in short-term guaranteed investment certificates at major Canadian banks or by the government of British Columbia as non-interest-bearing security deposits. The Company also maintains cash balances denominated in pesos and U.S. dollars held through a major bank in Mexico, which also has a high investment grade rating. Management considers the credit risk associated with its cash balances to be low. The carrying value of the Company's cash, receivables, and reclamation bonds totals $56,582 and represents the Company's maximum exposure to credit risk as at December 31, 2024 (2023 - $64,557).

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the Company's financial instruments will fluctuate due to changes in exchange rates. The Company carries cash, receivables, and accounts payable balances denominated in Mexican pesos and U.S. dollars, which are subject to currency risk due to fluctuations in the exchange rates with the Canadian dollar.

Due to the volatility of the exchange rates between the Canadian dollar, the peso, and the U.S. dollar, such currency risk could result in future gains or losses to the Company. Based on the Company's net monetary assets denominated in Mexican pesos and U.S. dollars as at December 31, 2024, a 10% fluctuation in the exchange rates of these currencies would result in an insignificant gain or loss. To manage currency risk, the Company maintains only the minimum amount of foreign cash that is necessary to fund its ongoing exploration activities. Accounts payable denominated in foreign currencies are settled in a timely manner.

Interest Rate Risk

Interest rate risk relates to the effect on the Company's financial instruments due to changes in market rates of interest. The Company holds reclamation bonds, which include guaranteed investment certificates that earn interest at market rates and are exposed to interest rate risk given the volatility of interest rates over time. Due to the value and nature of the Company's other financial instruments, it is management's opinion that the Company is not exposed to significant interest rate risk in respect of these financial instruments.

Liquidity Risk

The Company is subject to liquidity risk such that it may not be able to meets its obligations under its financial instruments as they fall due *(Note 1).* The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company's capital requirements have been met primarily by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

4. EXPLORATION AND EVALUATION

The Company expenses costs relating to the exploration and evaluation of its mineral properties in the period incurred. The Company pays value-added taxes ("IVA") in Mexico and due to uncertainty surrounding the timing and collection of future refunds of IVA, the Company expenses IVA as incurred. Collections of IVA are recorded as recoveries in the period received. The Company's mineral interests include:

La Esperanza project, Mexico

During 2006, the Company entered into an option agreement to earn a 100% interest in certain claims within the La Esperanza project area, subject to a net smelter returns royalty ("NSR") of up to 1%. The claims are located in Zacatecas State, Mexico. The Company acquired a 100% interest in these claims in May 2011 and purchased the NSR in 2016. From 2006 to 2010, the Company also added further claims, by direct staking, extending into Durango State to increase the size of the project area.

Salamandra project, Mexico

The Salamandra project, located in Durango State, Mexico, was acquired through staking as well as the purchase of a 100% interest in certain claims comprising the central area of the project, which are subject to a 0.5% NSR that can be purchased from the owner for US$500,000.

Nora project, Mexico

The Company held a 100% interest in the Nora project, located in Durango State, Mexico, which was acquired through the purchase of underlying concessions and direct staking. In April 2023, the Company signed an option agreement with Silver Dollar Resources Inc. ("Silver Dollar") granting Silver Dollar the option to earn a 100% interest in the Nora project by making payments to the Company of $375,000 and incurring exploration expenditures on the property of $3,000,000 over five years, retaining a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for $3,000,000 *(Note 8)*. In February 2024, the Silver Dollar agreement was amended transferring 100% ownership of the Nora property to Silver Dollar against a 2% NSR, of which Silver Dollar could buy back 1% for $1,000,000.

Sandra-Escobar project, Mexico

Between 2004 and 2006, the Company acquired, by staking, the Sandra claims located in Durango State, Mexico and in 2012 earned a 40% interest in the contiguous Escobar claims held by Pan American Silver Corp. ("Pan American"). In addition to these claims, the Company also acquired various other claims in the area from third parties, all of which formed the Sandra-Escobar project.

In January 2017, Orex Minerals Inc. earned a 55% interest in the project and in June 2019, the Company sold its interest in the project to Pan American for $2,000,000 plus a 2% net smelter returns royalty interest ("NSR Royalty Interest") payable on Pan American's share of the project; the NSR Royalty Interest can be reduced to 1% upon payment of $4,000,000 to the Company.

Brenda

The Company holds a 100% interest in the Brenda gold-copper project located in north-central British Columbia. In February 2025, the Company signed an option agreement to option out a 100% interest in the Company's Brenda property. The option is for five years, and the optionee must pay a minimum of $400,000 per year to maintain the option. In order to earn the 100% interest, the optionee must pay the Company an additional $8,000,000 if exercised in the year 1, increasing on an annual basis to $12,000,000 if exercised in year five. The annual cash payments are not credited towards the purchase price. The optionee will also be responsible for undertaking exploration expenditures to advance the mineral claims by at least one year during each year of the option. The Company will retain a 2% net smelter returns royalty of which 1% (or one-half) can be acquired for $5,000,000 before commencement of commercial mining operations and $10,000,000 after commencement of mining.

Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION - *continued*

Other projects

Mexico

The Company has staked other claims located in Durango State, Mexico, which include the Colibri, Carina, and Vizcaino projects. The Company holds a 100% interest in these projects.

Canada

The Company has staked and holds claims in British Columbia, Canada, which consists of the Lil project. The Company holds a 100% interest in this project.

In addition, the Company had an option to earn a 100% interest in the Nalt project in British Columbia by incurring exploration expenditures of $50,000 in the first year (incurred), $200,000 in the second year, and by paying the owner $250,000 and issuing 2,000,000 shares of the Company by November 5, 2024. The property is subject to a 2% NSR, 0.5% (one-quarter) of which can be purchased by the Company for $2,000,000. During the year ended December 31, 2023, the Company terminated the agreement.

Expenditures

Expenditures for the years ended December 31, 2024 and 2023, and the cumulative expenditures to December 31, 2024 are as follows:

	Expenditures 2024	Expenditures 2023	Cumulative 2024
Brenda, Canada	$ -	$ -	$ 2,427,311
- Expenditure recoveries	-	-	(235,115)
Vega, Canada	-	573	555,887
- Expenditure recoveries	-	-	(99,260)
Other, Canada	166	2,560	227,583
- Expenditure recoveries	-	-	(22,776)
La Esperanza, Mexico	5,675	60,714	4,824,518
- Expenditure recoveries	-	-	(262,373)
- Option payments received	-	-	(300,000)
Salamandra, Mexico	630	9,750	6,456,306
- Expenditure recoveries	-	-	(223,652)
- Option payments received	-	-	(553,989)
Nora, Mexico	7,884	95,960	1,955,912
Sandra-Escobar, Mexico	-	-	2,020,973
- Expenditure recoveries	-	-	(177,486)
- Option payments received	-	-	(500,000)
Other, Mexico	1,576	16,865	3,312,158
- Expenditure recoveries	-	-	(131,346)
- Option payments received	-	-	(133,471)
IVA paid, net of recoveries	-	(196)	136,735
	$ 15,931	$ 186,226	$ 19,277,915

Expenditures for the years ending December 31, by activity, are as follows:

	2024	2023
Administration	$ 15,931	$ 163,946
Field costs	-	503
Geological	-	3,133
Land holding costs	-	18,840
IVA paid, net of recoveries	-	(196)
	$ 15,931	$ 186,226

Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION - *continued*

Mineral title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

5. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

During the year ended December 31, 2023, the Company settled a $200,000 non-interest-bearing loan through the issuance of 6,666,667 units at a price of $0.03 per unit. Each unit consists of one common share of the Company and one nontransferable share purchase warrant. Each warrant will be exercisable to acquire one additional common share of the Company for a period of 24 months from the date of issuance at a price of $0.05 *(Note 6).*

6. WARRANTS AND STOCK OPTIONS

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants			Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, December 31, 2022	11,475,991	$	0.14	8,475,000	$	0.11
Expired	(6,125,000)	$	0.22	-	$	-
Issued	6,666,667	$	0.05	-	$	-
Outstanding, December 31, 2023	12,017,658	$	0.06	8,475,000	$	0.11
Expired	-		-	(2,650,000)	$	0.11
Outstanding, December 31, 2024	12,017,658	$	0.06	5,825,000	$	0.11
Exercisable, December 31, 2024	12,017,658	$	0.06	5,825,000	$	0.11

Expressed in Canadian Dollars

6. WARRANTS AND STOCK OPTIONS- *continued*

At December 31, 2024, the Company had outstanding warrants and stock options enabling holders to acquire common shares as follows:

	Number of Shares		Exercise Price	Expiry
Warrants	3,082,741	$	0.08	October 24, 2025
	2,268,250	$	0.08	October 26, 2025
	6,666,667	$	0.05	August 14, 2025
	12,017,658			
Options	1,325,000	$	0.08	May 22, 2025*
	250,000	$	0.11	November 9, 2025
	2,750,000	$	0.11	December 21, 2025
	1,500,000	$	0.15	May 17, 2026
	5,825,000			

*Subsequently expired unexercised.

At December 31, 2024, the weighted-average remaining life was 0.71 years (December 31, 2023 – 1.71 years) for the outstanding warrants and 0.94 years (December 31, 2023 – 1.94 years) for the outstanding options.

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes officers and non-executive directors. The compensation paid or payable to key management for the years ended December 31 is as follows:

		2024		2023
Salaries	$	75,000	$	150,000
Management fees		-		30,000
	$	75,000	$	180,000

As at December 31, 2024, amounts due to related parties include:

i) $300,000 (2023 - $225,000) due to the chief executive officer of which $250,000 (2023 - $225,000) is non-current.

ii) $65,000 (2023 - $65,000) due to the former chief financial officer.

Expressed in Canadian Dollars

8. LOAN PAYABLE

Concurrent with signing the Nora option agreement with Silver Dollar *(Note 4),* the Company signed an exclusivity agreement with Silver Dollar that provided Silver Dollar with a period of two months to conduct due diligence on the assets of the Company and consider a corporate merger. Silver Dollar terminated the exclusivity period on June 12, 2023.

The exclusivity agreement provided the Company with a $200,000 non-interest-bearing loan repayable in cash or units of the Company, at the Company's option, on August 11, 2023, being 60 days after the termination of the exclusivity period. Each unit consists of one common share and one share purchase warrant entitling Silver Dollar to purchase one additional common share for up to two years. During the year ended December 31, 2023, the loan was fully repaid through the issuance of 6,666,667 units at $0.03 including one common share and a warrant providing for the acquisition of one common share at $0.05 for a period of two years (*Note 5*).

9. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company operates in the following geographical locations: Canada and Mexico.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2024	2023
	$	$
Net loss for the year	(116,320)	(576,284)
Statutory tax rate	28.28%	28.28%
Expected income tax recovery	(31,202)	(162,022)
Effect of deductible and non-deductible amounts	6,544	25,474
True up of prior year differences	-	(169)
Change in valuation allowance	(6,544)	136,717
Income tax recovery	-	-

Expressed in Canadian Dollars

10. INCOME TAXES- *continued*

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

Balance as at	2024	2023
	$	$
Loss carry-forwards	4,347,673	3,278,158
Investment tax credit	40,087	40,087
Share issuance costs	2,186	6,610
Capital assets	26,661	30,454
Exploration and evaluation assets	5,847,557	5,842,780
	10,264,164	9,198,089
Valuation allowance	(10,264,164)	(9,198,089)
Net deferred income tax assets	-	-

The Company's Canadian non-capital loss carry-forwards of $9,399,606 expire between 2026 and 2044. The Company also has loss carry-forwards in Mexico of $6,032,598.

11. SUBSEQUENT EVENT

Subsequent to December 31, 2024, the Company signed an option agreement to option out a 100% interest in the Company's Brenda property *(Note 4)*