

CMX GOLD & SILVER CORP.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

Notice to reader

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the nine months ended September 30, 2024. These financial statements and the notes thereto have been prepared by the Company's management in accordance with International Financial Reporting Standards using management's best judgments, consistent with prior periods, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

CMX GOLD & SILVER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| As at | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,410 | \$ 1,637 |
| Exploration and evaluation (note 6) | 693,792 | 679,753 |
| Total assets | \$ 695,202 | \$ 681,390 |
| LIABILITIES | | |
| Current | | |
| Trade and other payables | \$ 123,855 | \$ 84,092 |
| Due to related parties (note 7) | 446,422 | 265,652 |
| Income taxes payable | 2,240 | 2,240 |
| Total liabilities | 572,517 | 351,984 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 8) | 5,623,210 | 5,623,210 |
| Warrants (note 10) | 231,995 | 231,995 |
| Contributed surplus (note 11) | 1,389,398 | 1,387,175 |
| Accumulated other comprehensive income | 174,235 | 160,442 |
| Deficit | (7,296,153) | (7,073,416) |
| Total shareholders' equity | 122,685 | 329,406 |
| Total liabilities and shareholders' equity | \$ 695,202 | \$ 681,390 |

Going concern (note 2)
Commitments (note 16)
Subsequent events (note 17)

Approved on behalf of the Board of Directors

/s/ "John A. Niedermaier"

/s/ "Jan M. Alston"

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

CMX GOLD & SILVER CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

| | Three months ended September | | Nine months ended September | |
|---|------------------------------|---------------|-----------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Expenses | | | | |
| Management fees (note 7) | \$ 44,810 | \$ 40,270 | \$ 141,005 | \$ 143,329 |
| Shareholder reporting and investor communications | 7,605 | 5,940 | 23,101 | 32,564 |
| Listing and filing fees | 4,285 | 4,050 | 16,168 | 15,358 |
| Mineral property expenditures (note 6) | 8,964 | 6,800 | 10,299 | 21,621 |
| General and administrative | 1,572 | 4,867 | 5,157 | 14,117 |
| Professional fees | (479) | (607) | 3,528 | 3,474 |
| Share-based compensation expense (note 9) | 741 | 17,239 | 2,223 | 51,716 |
| Loss on foreign exchange | 141 | 6,736 | 143 | 6,537 |
| | <u>67,639</u> | <u>85,295</u> | <u>201,624</u> | <u>288,716</u> |
| Loss before financing expenses | (67,639) | (85,295) | (201,624) | (288,716) |
| Financing expenses | | | | |
| Gain on sale of land | - | (116) | - | 77,786 |
| Bank credit | - | - | - | 1,719 |
| Related party interest (note 7) | (6,575) | (3,290) | (15,964) | (7,655) |
| Bank charges and other interest | (3,262) | (560) | (5,149) | (1,512) |
| Net loss, for the period | (77,476) | (89,261) | (222,737) | (218,378) |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to net loss | | | | |
| Exchange difference on translating foreign operation | (9,540) | (21,026) | 13,793 | (4,284) |
| Total comprehensive loss, for the period | \$ (87,016) | \$ (110,288) | \$ (208,944) | \$ (222,662) |
| Basic and diluted net loss per share | \$ 0.0011 | \$ 0.0013 | \$ 0.0032 | \$ 0.0031 |
| Weighted average number of shares outstanding – basic | 69,886,224 | 69,494,724 | 69,886,224 | 69,494,724 |

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

CMX GOLD & SILVER CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Issued share capital | | Warrants | Contributed Surplus | Accumulated other comprehensive income | Deficit | Total |
|--|----------------------|--------------|------------|---------------------|--|----------------|------------|
| | # | \$ | | | | | |
| Balance December 31, 2022 | 69,494,724 | \$ 5,572,402 | \$ 237,376 | \$ 1,343,126 | \$ 177,910 | \$ (6,752,217) | \$ 578,597 |
| Exercise of warrants (notes 8 and 10) | 300,000 | 35,381 | (5,381) | - | - | - | 30,000 |
| Exercise of options (notes 8 and 9) | 91,500 | 15,427 | - | (6,277) | - | - | 9,150 |
| Share-based compensation expense (note 9) | - | - | - | 50,326 | - | - | 50,262 |
| Net loss for the year | - | - | - | - | - | (321,199) | (321,199) |
| Exchange difference on translating foreign operation | - | - | - | - | (17,468) | - | (17,468) |
| Balance December 31, 2023 | 69,886,224 | \$ 5,623,210 | \$ 231,995 | \$ 1,387,175 | \$ 160,442 | \$ (7,073,416) | \$ 329,406 |
| Share-based compensation expense (note 9) | - | - | - | 2,223 | - | - | 2,223 |
| Net loss for the period | - | - | - | - | - | (222,737) | (222,737) |
| Exchange difference on translating foreign operation | - | - | - | - | 13,793 | - | 13,793 |
| Balance September 30, 2024 | 69,886,224 | \$ 5,623,210 | \$ 231,995 | \$ 1,389,398 | \$ 174,235 | \$ (7,296,153) | \$ 122,685 |

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

CMX GOLD & SILVER CORP
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three months ended September | | Nine months ended September | |
|--|------------------------------|-----------------|-----------------------------|------------------|
| | 2024 | 30 2023 | 2024 | 30 2023 |
| <hr/> | | | | |
| Cash flow from operating activities | | | | |
| Net loss | \$ (77,476) | \$ (89,261) | \$ (222,737) | \$ (218,352) |
| Items not affecting cash | | | | |
| Share-based compensation expense (note 9) | 741 | 17,239 | 2,223 | 73,661 |
| Management fees (note 7) | 44,810 | 53,346 | 141,005 | 73,870 |
| Related party interest (note 7) | 6,575 | 3,290 | 15,964 | 7,655 |
| Loss on foreign exchange | 141 | 6,736 | 143 | 6,537 |
| Change in non-cash working capital items (note 12) | 14,252 | (8,954) | 29,454 | (53,477) |
| | <u>(10,957)</u> | <u>(17,604)</u> | <u>(33,948)</u> | <u>(132,077)</u> |
| Cash flows from financing activities | | | | |
| Cash payments from related parties (note 7) | 11,171 | 11,000 | 33,721 | 41,000 |
| | <u>11,171</u> | <u>11,000</u> | <u>33,721</u> | <u>41,000</u> |
| Net change in cash and cash equivalents | 214 | (6,604) | (227) | (91,077) |
| Cash and cash equivalents, beginning of period | 1,196 | 10,973 | 1,637 | 95,446 |
| Cash and cash equivalents, end of period | \$ 1,410 | \$ 4,369 | \$ 1,410 | \$ 4,369 |

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

CMX GOLD & SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2024 and 2023

1. NATURE OF OPERATIONS

CMX Gold & Silver Corp. (the "Company" or "CMX") was incorporated on July 30, 1986 pursuant to the laws of the Province of Alberta and changed its name to CMX Gold & Silver Corp. on February 11, 2011. The Company is designated as a "reporting issuer" pursuant to the Alberta Securities Act and Regulations. The Company is listed on the Canadian Securities Exchange under the trading symbol "CXC". The Company is a junior mining company with a silver-lead-zinc property in the United States of America. The registered office of the Company is:

CMX Gold & Silver Corp.
31 Stranraer Place SW
Calgary, Alberta
Canada T3H 1H5

2. GOING CONCERN

The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenue from its mineral properties and, therefore, does not generate cash flow from its operations. Future operations are dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete exploration and subsequent development of its properties, and upon future profitable production or proceeds from disposition of its properties.

The consolidated financial statements of the Company have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its obligations as they become due in the normal course of operations. For the nine months ended September 30, 2024, the Company incurred a net loss of \$222,737 (2023 – \$218,378). As a result of the recurring losses over the Company's history, the Company has an accumulated deficit of \$7,296,153 as at September 30, 2024 (2023 – \$6,970,595). At September 30, 2024, the Company had a net working capital deficiency of \$571,107 (2023 - \$278,699). The Company currently does not have the necessary financing in place to support continuing losses. The Company plans to continue to raise capital through equity issuance. Historically, the Company has financed its operations and property acquisitions through the use of funds obtained from share issuances.

The Company's continuation as a going concern is dependent upon its ability to secure new financing arrangements and new equity issuances. There is no assurance that new capital will be available and if it is not, the Company may be forced to substantially curtail or cease operations. Although the use of the going concern assumption is appropriate, there can be no assurance that any steps the Company takes will be successful. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, and reported revenues and expenses, that might be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at carrying amounts different from those reflected in the accompanying consolidated financial statements. Any such adjustments could be material.

CMX GOLD & SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2024 and 2023

3. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Approval of consolidated financial statements

These consolidated financial statements were authorized for issuance on November 19, 2024 by the directors of the Company.

Basis of consolidation

These consolidated financial statements include the accounts of CMX Gold & Silver Corp. and its wholly-owned subsidiary, CMX Gold & Silver (USA) Corp. A subsidiary is fully consolidated from the date on which control is obtained and is de-consolidated from the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and share-based payments which have been accounted for at fair value.

Functional and presentation currency

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated. The functional currency of the Company’s wholly owned subsidiary, CMX Gold & Silver (USA) Corp., is the US dollar.

New accounting policies

There are no new standards issued but not yet effective as of October 1, 2024, that have a material impact to the Company’s consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these consolidated financial statements as future confirming events occur.

The Company’s ability to execute its strategy as a going concern by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

The determination of the Company’s functional currency requires management judgment based on an evaluation of all relevant information in relation to the related primary and secondary hierarchy factors. Considerations regarding currency and influences of area of operations, settlement of operating expenses, and the funds from financing activities are assessed at each reporting date.

Management’s judgment is that until a property reaches the development stage, costs related to the exploration and evaluation of a property are best estimated to be non-recoverable and are therefore expensed in the month in which they occur. Only real property is capitalized to the consolidated statement of financial position. Management annually assesses the carrying value of the capitalized assets for impairment.

The Company must make use of estimates in calculating the fair value of warrant issuances and share-based payments. Amounts recorded for warrants issuances and share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including assumptions such as volatility, dividend yield, risk-free interest rates, forfeiture rate estimates, and expected warrant or option life. Forfeiture rate is determined based on actual historical forfeitures.

CMX GOLD & SILVER CORP.
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Nine months ended September 30, 2024 and 2023

Tax interpretations, regulations and legislation in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

By their nature, these estimates are subject to measurement uncertainty and the impact on the consolidated financial statements of future periods could be material.

5. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

Financial instruments

The Corporation records financial instruments in accordance with *IFRS 9 Financial Instruments*.

A financial asset is classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. Purchases and sales of financial assets are recorded on a settlement date basis.

All financial instruments are initially recorded at their fair value. After initial recognition, all investments are measured at fair value. All gains and losses arising from changes in fair value of the investments are presented in comprehensive loss within changes in unrealized depreciation/appreciation of investments in the period in which the gains and losses arise. The Corporation would only reclassify a financial asset when the Corporation changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value. There has been no reclassification for the nine months ended September 30, 2024, or 2023.

i) Financial assets classified at fair value through profit and loss

Financial assets are classified as FVTPL if the asset is an equity investment, if the Corporation has not elected to classify the equity investment as FVOCI, or if the Corporation's business model for holding the investment is achieved other than by both collecting contractual cash flows and by selling the assets.

FVTPL assets are initially recorded at fair value with realized gains and losses on disposition and subsequent changes in fair value recorded in net income. Directly attributable transaction costs are reported in net income as incurred.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities are recognized initially on the date the Corporation becomes a party to the contractual obligations of the financial instrument. All non-derivative financial liabilities are recognized initially at fair value along with directly attributable transaction costs. Subsequent to initial measurement, non-derivative financial liabilities are measured at amortized cost using the effective interest rate method.

The following table presents the Corporation's classification of financial assets and financial liabilities as at September 30, 2024 and 2023:

| <u>Financial assets/ financial liability</u> | <u>Classification</u> |
|---|------------------------------|
| Cash | Amortized cost |
| Trade and other payables | Amortized cost |
| Due to related parties | Amortized cost |
| Debenture to related party | Amortized cost |

CMX GOLD & SILVER CORP.
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Foreign exchange translations and transactions

For foreign entities whose functional currency is the Canadian dollar, the Company translates monetary assets and liabilities at period-end exchange rates and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in the consolidated statement of operations and comprehensive loss in the period of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in other comprehensive income as exchange difference on translating foreign operation.

Transactions of the Canadian entity in foreign currencies are translated at rates in effect at the time of the transaction. Foreign currency monetary assets and liabilities are translated at current rates. Gains or losses from the changes in exchange rates are recognized in the consolidated statement of operations and comprehensive loss in the period of occurrence. Foreign exchange gains or losses arising from a monetary item that is receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in accumulated other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents with original maturities of 90 days or less, is comprised of cash on deposit and highly liquid investments at a Canadian financial institution.

Exploration and evaluation assets

Prospecting costs incurred prior to obtaining the rights to explore lands are expensed as incurred.

Costs of option acquisitions and exploration expenditures related to mineral properties are expensed in the year in which they occur.

Land purchases of patented mineral claims and development costs are capitalized on property specific cash generating unit ("CGU") basis. Upon development of a commercially viable mineral property the related costs subject to an impairment test, will be transferred from exploration and evaluation to development and producing. Costs capitalized together with the costs of production equipment will be depleted on a unit of production basis, based on estimated proved reserves of minerals upon the commencement of production for each CGU.

Each reporting period, the Company assesses whether there is an indication that a CGU may be impaired. If any indication exists, the Company estimates the CGU's recoverable amount. A CGU's recoverable amount is the greater of fair value less costs of disposal and its value in use.

Fair value less costs of disposal is determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU. When the carrying amount of a CGU exceeds its recoverable amount, the CGU will be considered impaired and written down to its recoverable amount.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset or CGU is increased to its revised recoverable amount with an impairment reversal recognized in profit or loss. The recoverable amount is limited to the original carrying amount less depreciation, depletion and amortization as if no impairment had been recognized for the asset or CGU for prior periods.

Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property. In addition, if there has been a delay in development activity for several successive years, a write down of those project capitalized costs will be charged to statement of loss and comprehensive loss. The Company derecognizes assets at the earlier of disposal, or when no future economic benefit is expected. Any gain or loss on derecognition is recognized in statement of loss and comprehensive loss when incurred.

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Share-based compensation

The Company has a stock-based compensation plan for employees and directors. Awards of options under the plan are expensed based on the fair value of the options at the grant date. Fair values are determined using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options will be credited to share capital plus the amounts originally recorded within other reserves.

Provisions

The Company will recognize the present value of estimated decommissioning liabilities when a reasonable estimate can be made. Decommissioning liabilities include those legal obligations where the Company will be required to retire tangible long-lived assets such as drilling sites, mine sites and facilities. The liabilities, equal to the initial estimated present value of the decommissioning liabilities, are capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to assumptions, estimated timing or amount of discounted cash flows will be recognized as a change in the decommissioning liabilities and the related costs.

Decommissioning costs will be amortized using the unit-of-production method. Increases in the decommissioning liabilities resulting from the passage of time will be recorded as accretion of decommissioning liabilities and will be charged to operations.

Actual expenditures incurred will be charged against accumulated obligations.

Warrants classified as equity

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black-Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

The Company may modify the terms of warrants originally granted. When modifications exist, the Company will maintain the original fair value of the warrant.

Loss per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted per share amounts are computed by giving effect to the potential dilution that would occur if stock options and warrants were exercised. The Company uses the treasury stock method to determine the dilutive effect of stock options and share purchase warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase shares at the average market price for the period. In net loss per share situations, the dilutive per share amount is the same as that for basic, as all instruments are anti-dilutive.

6. EXPLORATION AND EVALUATION ASSETS

Total expenditures on exploration and evaluation properties capitalized:

| | |
|-------------------------------|------------|
| Balance at December 31, 2022 | 699,601 |
| Sale of land | (3,381) |
| Foreign exchange effect | (16,467) |
| Balance at December 31, 2023 | \$ 679,753 |
| Foreign exchange effect | 14,039 |
| Balance at September 31, 2024 | \$ 693,792 |

In 2010, the Company purchased the Clayton Mine property consisting of 29 patented mineral claims and 2 patented mill sites located in the State of Idaho, USA. The Company staked 6 unpatented claims in 2015 and a further 22 unpatented claims in 2022.

CMX GOLD & SILVER CORP.
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During the year ended December 31, 2023 the Company negotiated the sale of approximately 2.8 acres of land held in the Town of Clayton to third parties. Approximately 2.5 acres were sold for US\$37,961 cash proceeds and a third of an acre of land was sold for US\$22,404 in settlement of debt with a vendor of the Company. The sales resulted in a gain of US\$57,811 (CAN\$78,017).

The following table shows mineral property expenditures to date on the Clayton property. These expenditures are expensed in the period that they occur.

| | | |
|---------------------------------------|---|-------------------|
| Mineral property expenditures Clayton | – balance December 31, 2022 | \$ 478,565 |
| | – 2023 – staking and claim payments | 19,730 |
| | – miscellaneous expenses | 3,228 |
| | – balance December 31, 2023 | 501,523 |
| | – 2024 – staking and claim payments | 7,638 |
| | – geology expenses | 707 |
| | – miscellaneous expenses | 1,954 |
| | Total expenditures to September 31, 2024 | \$ 511,822 |

7. DUE TO RELATED PARTIES

During the nine months ended September 30, 2024, the Company incurred management fees of \$68,490 (2023 – \$70,785) to a corporation controlled by the spouse of a director of the Company.

During the nine months ended September 30, 2024, the Company incurred management fees of \$19,800 (2023 – \$28,875) to the President of the Company.

During the nine months ended September 30, 2024, the Company incurred consulting fees of \$nil (2023 – \$8,470) to the spouse of the President of the Company.

During the nine months ended September 30, 2024, the Company incurred management fees of \$52,715 (2023 – \$43,969) to the Chief Financial Officer of the Company.

These fees are unpaid and included in due to related parties.

During the nine months ended September 30, 2024, related parties made cash payments of \$33,721 (2023 – related parties received cash payments of \$90,315 and made cash payments of \$41,000). Cash payments to the Company were treated as loans and cash payments from the Company were applied against balances due to related parties.

During the nine months ended September 30, 2024, \$15,964 (2023 - \$7,655) of related party interest was accrued and recorded to financing expenses. Related party debt bears an interest rate of 6% or 8% per annum and is due on demand.

During the year ended December 31, 2023, related parties exercised warrants for \$30,000 with the issuance of 300,000 shares at \$0.10 per share (see notes 8 and 10).

8. SHARE CAPITAL

Authorized

Common voting shares:

The common shares are entitled to dividends in such amounts as the Directors may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Company, are entitled to share pro rata in the assets of the Company.

Series A voting preferred shares:

Non-cumulative annual dividend at 8% of the issued price

Convertible into two Common voting shares

Redeemable at the issue price

Series B voting preferred shares:

Non-cumulative annual dividend at 8% of the issued price

Convertible into two Common voting shares

Redeemable at a price of \$10 per share

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The preferred shares rank in priority to the common shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Preferred shares may also be given such other preference over the common shares as may be determined for any series authorized to be issued. There were no Series A or Series B voting preferred shares issued as at December 31, 2023 or September 30, 2024.

On October 24, 2023, the Company issued 300,000 shares for settlement of \$30,000 with the exercise of warrants.

On October 24, 2023, the Company issued 91,500 shares for settlement of \$9,150 with the exercise of options. The total number of common shares outstanding as at September 30, 2024, is 69,886,224 (2023 – 69,494,724).

9. SHARE-BASED PAYMENTS

The total number of stock options granted under the employee stock option plan may not exceed 10% of the issued and outstanding shares of the Company on the date of grant. The option price per share and vesting periods shall be determined by the Board of Directors at the time that the option is granted. The exercise prices are determined by the estimated market price on the date of the grant.

Share-based payments expense with respect to stock options is estimated using the following assumptions: The expected volatility assumption was determined through the comparison of historical share price volatilities of the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

On October 24, 2023, the Company granted options to purchase 300,000 shares at \$0.10 per share, with an average fair value of \$0.035 per share. The options vest one-half on October 24, 2023 (the agreement date) and one-half on the next anniversary of the grant date. The options expire on October 24, 2025.

The Company estimated the fair value of the options issued using the Black-Scholes option pricing model with the following assumptions: vesting over two years, two-year life of option, a risk-free interest rate (per Bank of Canada) of 1.64%, zero forfeiture rate and volatility of 69%.

A total of \$2,223 (2023 - \$34,477) was recognized in fair value of options vesting during the period ended September 30, 2024.

On October 26, 2023, 91,500 options were exercised for cash proceeds of \$9,150.

| | Options Outstanding | Weighted Average Exercise Price - CAD |
|---|---------------------|---------------------------------------|
| Balance, December 31, 2022 | 5,300,000 | \$ 0.10 |
| Options issued | 300,000 | \$ 0.10 |
| Options exercised for debt | (91,500) | \$ 0.10 |
| Balance, December 31, 2023 and September 30, 2024 | 5,508,500 | \$ 0.10 |

| Exercise price (per option) | Number of options outstanding | Number of options exercisable | Weighted average exercise price (per option) | Year of expiry | Weighted average remaining contractual life |
|-----------------------------|-------------------------------|-------------------------------|--|----------------|---|
| \$0.10 | 5,208,500 | 3,441,833 | \$0.10 | 2027 | 2.33 years |
| \$0.10 | 300,000 | 150,000 | \$0.10 | 2025 | 1.06 years |

10. WARRANTS

On March 13, 2023, the Company extended by one year the expiration date of all warrants outstanding. On December 19, 2023, the Company further extended for another year the expiration date of all warrants outstanding.

On October 26, 2023, 300,000 warrants were exercised for cash proceeds of \$30,000.

| | Warrants Outstanding | Weighted Average Exercise Price - CAD |
|---|----------------------|---------------------------------------|
| Balance, December 31, 2022 | 13,872,000 | \$ 0.12 |
| Warrants exercised for debt | (300,000) | \$ 0.10 |
| Balance, December 31, 2023 and September 30, 2024 | 13,572,000 | \$ 0.12 |

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| Warrants Outstanding and Exercisable | Exercise Price CAD | Expiry Date |
|--------------------------------------|--------------------|--------------------|
| 6,700,000 | 0.10 | June 30, 2025 |
| 3,470,000 | 0.10 | November 19, 2025 |
| 1,430,000 | 0.18 | July 14, 2026 |
| 1,972,000 | 0.18 | September 16, 2026 |
| 13,572,000 | | |

Weighted average contractual life remaining of warrants at September 30, 2024, is 1.14 years (2023 – 1.13 years).

11. CONTRIBUTED SURPLUS

| | |
|--------------------------------------|--------------|
| Balance at December 31, 2022 | 1,343,126 |
| Compensation expense (note 9) | 50,326 |
| Exercise of options expense (note 9) | (6,277) |
| Balance at December 31, 2023 | \$ 1,387,175 |
| Compensation expense (note 9) | 2,223 |
| Balance at September 30, 2024 | \$ 1,389,398 |

12. SUPPLEMENTAL DISCLOSURES

Cash Flow Statement Presentation

The following table provides a detailed breakdown of certain line items contained within the cash flow from operating activities.

| | For the three months ended | | For the nine months ended | |
|--------------------------|----------------------------|------------|---------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Trade and other payables | \$ 11,622 | \$ 32 | \$ 23,393 | \$ (48,136) |
| Due to related parties | 2,630 | (8,987) | 6,061 | (5,342) |
| | \$ 14,252 | \$ (8,955) | \$ 29,454 | \$ (53,478) |

13. SEGMENTED INFORMATION

The Company has the following geographical segments:

| | Canada | United States | Total |
|-------------------------------|--------------------|---------------|------------|
| | September 30, 2024 | | |
| Total assets | \$ 1,410 | \$ 693,792 | \$ 695,202 |
| Mineral property expenditures | - | 10,299 | 10,299 |
| | September 30, 2023 | | |
| Total assets | \$ 4,369 | \$ 694,918 | \$ 699,287 |
| Mineral property expenditures | - | 21,621 | 21,621 |

14. FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

| Fair value of financial instruments | September 30, 2024 | | September 30, 2023 | |
|-------------------------------------|--------------------|------------|--------------------|------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Cash and cash equivalents | \$ 1,410 | \$ 1,410 | \$ 4,369 | \$ 4,369 |
| | \$ 1,410 | \$ 1,410 | \$ 4,369 | \$ 4,369 |

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| | Carrying value | September 30, 2024 Fair value | Carrying value | September 30, 2023 Fair value |
|--------------------------|-------------------|----------------------------------|-------------------|----------------------------------|
| Financial liabilities | | | | |
| Trade and other payables | \$ 123,855 | \$ 123,855 | \$ 43,092 | \$ 43,092 |
| Due to related parties | 446,422 | 446,422 | 239,976 | 239,976 |
| Income tax payable | 2,240 | 2,240 | - | - |
| | <u>\$ 572,517</u> | <u>\$ 572,517</u> | <u>\$ 283,068</u> | <u>\$ 283,068</u> |

The carrying value of cash and cash equivalents, and financial liabilities approximate its fair value due to their short-term nature.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follow:

- Level 1 – quoted prices in active markets for identical assets or liabilities; and
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are unobservable and significant to the overall fair value measurement.

The Company is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

b) Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at September 30, 2024, the Company had a net working capital deficiency of \$571,107 (2023 – \$278,699). Management is continuously monitoring its working capital position and will raise funds through the equity markets as required. However, there is no certainty that the Company will be able to obtain funding by share issuances in the future. The Company is presently seeking to raise capital through equity financing (see note 2).

The following amounts are the contractual maturities of financial liabilities and other commitments as at September 30, 2024:

| | Total | 1 year | 2 – 5 years |
|--------------------------|-------------------|-------------------|-------------|
| Trade and other payables | \$ 123,855 | \$ 123,855 | \$ - |
| Due to related parties | 446,422 | 446,422 | - |
| Income tax payable | 2,240 | 2,240 | - |
| | <u>\$ 572,517</u> | <u>\$ 572,517</u> | <u>\$ -</u> |

The following amounts were the contractual maturities of financial liabilities and other commitments as at September 30, 2023:

| | Total | 1 year | 2 – 5 years |
|--------------------------|-------------------|-------------------|-------------|
| Trade and other payables | \$ 43,092 | \$ 43,092 | \$ - |
| Due to related parties | 239,976 | 239,976 | - |
| | <u>\$ 283,068</u> | <u>\$ 283,068</u> | <u>\$ -</u> |

c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

i. Interest rate risk

When the Company has cash balances its policy is to invest excess cash in investment-grade short-term money market accounts. The Company will periodically monitor the investments it makes to ensure the creditworthiness of its investments. Fluctuations in interest rates do not materially affect the Company as the interest is at a fixed rate.

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ii. Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in US funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Company, in particular the Company's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future.

The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

As the Company currently holds minimal US currency a change in the exchange rate between the US dollar and the Canadian dollar would not have a significant effect on the Company liquidity or working capital. The Company is exposed to currency risk as its the functional currency of its subsidiary is US dollars.

15. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are:

- i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and
- ii) To provide a long-term adequate return to shareholders.

The Company's capital structure is comprised of shareholders' equity.

The Company is an exploration stage company which involves a high degree of risk. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently does not earn any revenue from its mineral properties and therefore does not generate cash flow from operations. The Company's primary source of funds will come from the issuance of share capital. The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

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 Company. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's capital management in the current year.

16. COMMITMENTS

The Company currently has the following yearly commitments:

Clayton property: US\$6,150 for property taxes and claims fees.

These commitments will change if the Company acquires other property or completes further claim staking.

17. SUBSEQUENT EVENTS

There were no subsequent events to report for the period ended September 30, 2024.