Hercules Metals Corp.

(Formerly “Hercules Silver Corp.”)

Consolidated Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

To the Shareholders of Hercules Metals Corp. (formerly Hercules Silver Corp.):

Opinion

We have audited the consolidated financial statements of Hercules Metals Corp. (formerly Hercules Silver Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 incurred a net loss during the year ended December 31, 2024 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, 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 report.

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Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 17, 2025 — Licensed Public Accountants

Hercules Metals Corp. (Formerly "Hercules Silver Corp.")
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(Expressed in Canadian dollars)

	As at December 31, 2024	As at December 31, 2023
	$	$
Assets		
Cash and cash equivalents (Note 4)	**608,283**	12,723,946
Short-term investments (Note 5)	**8,709,372**	11,854,531
Sales tax recoverable (Note 6)	**22,844**	168,351
Prepaid expenses (Note 7)	**226,651**	340,813
Total Current Assets	**9,567,150**	25,087,641
Investment (Note 8)	**1,582,790**	727,430
Property and equipment (Note 9)	**974,801**	34,476
Total Assets	**12,124,741**	25,849,547
Liabilities		
Accounts payable and accrued liabilities (Notes 10 and 15)	**744,442**	504,930
Total Liabilities	**744,442**	504,930
Shareholders' Equity		
Share capital (Note 11)	**46,335,377**	42,081,995
Warrants reserve (Note 12)	**4,400,042**	5,104,257
Options reserve (Note 13)	**1,044,900**	714,536
RSU reserve (Note 14)	**1,385,138**	190,448
Accumulated other comprehensive loss	**(226,228)**	(170,144)
Accumulated deficit	**(41,558,930)**	(22,576,475)
Total Shareholders' Equity	**11,380,299**	25,344,617
Total Liabilities and Shareholders' Equity	**12,124,741**	25,849,547

Nature of operations and going concern (Note 1)
Commitments (Note 17)
Contingencies (Note 23)
Subsequent events (Note 24)

Approved on behalf of the Board of Directors:

"Christopher Paul"
Christopher Paul, Director

"Kelly Malcolm"
Kelly Malcolm, Director

The accompany notes are an integral part of these consolidated financial statements

Hercules Metals Corp. (Formerly "Hercules Silver Corp.")
Consolidated Statements of Loss and Comprehensive loss
For the Years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	$	$
Expenses		
Exploration & evaluation expenditures (Notes 15,18 and 23)	**16,550,087**	7,340,425
Share-based compensation (Notes 13,14, and 15)	**1,797,163**	692,549
General and administrative (Notes 15 and 16)	**1,723,839**	1,035,344
Professional fees (Note 15)	**702,603**	373,655
Property acquisition costs (Notes 11 and 17)	**162,790**	134,970
Depreciation expense (Note 9)	**116,707**	8,504
Foreign exchange (gains) loss	**(328,177)**	259,453
Dividend and interest income (Notes 4 and 5)	**(887,197)**	(190,197)
Total Expenses	**19,837,815**	9,654,703
Other Items		
Unrealized gain (loss) on investment (Note 8)	**855,360**	(39,985)
Total Other Income (Expenses)	**855,360**	(39,985)
Net Loss	**(18,982,455)**	(9,694,688)
Other Comprehensive Loss		
Exchange loss on translation of foreign operations	**(56,084)**	(170,144)
Comprehensive Loss	**(19,038,539)**	(9,864,832)
Net Loss per Share – Basic and diluted	**(0.08)**	(0.05)
Weighted Average Number of Outstanding Shares - Basic and diluted	**248,014,262**	183,294,240

The accompany notes are an integral part of these consolidated financial statements

Hercules Metals Corp. (Formerly "Hercules Silver Corp.")
Consolidated Statements of Changes in Shareholders' Equity
For the Years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrants Reserve	Options Reserve	Restricted Share Units Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	#	$	$	$	$	$	$	$
Balance, December 31, 2022	**149,433,729**	**12,731,456**	**1,102,784**	**545,222**	**126,641**	**-**	**(13,047,739)**	**1,458,364**
Issuance of units from private placement (Notes 11 and 12)	50,015,370	24,006,727	5,135,180	-	-	-	-	29,141,907
Share issuance costs (Notes 11 and 12)	-	(751,360)	(208,142)	-	-	-	-	(959,502)
Issuance of broker warrants from private placement (Note 12)	-	-	236,183	-	-	-	-	236,183
Issuance of shares on exercises of RSUs (Notes 11 and 14)	1,750,000	150,000	-	-	(150,000)	-	-	-
Issuance of shares on exercises of warrants (Notes 11 and 12)	24,907,117	5,159,952	(1,012,029)	-	-	-	-	4,147,923
Issuance of shares on exercises of options (Notes 11 and 13)	5,022,500	785,220	-	(293,195)	-	-	-	492,025
Share-based compensation (Notes 13 and 14)	-	-	-	478,742	213,807	-	-	692,549
Cancellation of options (Note 13)	-	-	-	(16,233)	-	-	16,233	-
Expiry of warrants (Note 12)	-	-	(149,719)	-	-	-	149,719	-
Exchange differences on translating foreign operations	-	-	-	-	-	(170,144)	-	(170,144)
Net loss for the year	-	-	-	-	-	-	(9,694,688)	(9,694,688)
Balance, December 31, 2023	**231,128,716**	**42,081,995**	**5,104,257**	**714,536**	**190,448**	**(170,144)**	**(22,576,475)**	**25,344,617**
Issuance of shares on exercises of RSUs (Notes 11 and 14)	500,000	45,000	-	-	(45,000)	-	-	-
Issuance of shares on exercises of warrants (Notes 11 and 12)	19,529,779	3,464,671	(704,215)	-	-	-	-	2,760,456
Issuance of shares on exercises of options (Notes 11 and 13)	2,875,000	663,109	-	(227,109)	-	-	-	436,000
Issuance of shares pursuant to lease option agreement (Notes 11 and 17)	130,004	80,602	-	-	-	-	-	80,602
Share-based compensation (Notes 13 and 14)	-	-	-	557,473	1,239,690	-	-	1,797,163
Exchange differences on translating foreign operations	-	-	-	-	-	(56,084)	-	(56,084)
Net loss for the year	-	-	-	-	-	-	(18,982,455)	(18,982,455)
Balance, December 31, 2024	**254,163,499**	**46,335,377**	**4,400,042**	**1,044,900**	**1,385,138**	**(226,228)**	**(41,558,930)**	**11,380,299**

Hercules Metals Corp. (Formerly “Hercules Silver Corp.”)
Consolidated Statements of Cash Flows
For the Years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	$	$
Operating Activities		
Net loss for the year	**(18,982,455)**	(9,694,688)
Items not affecting cash:		
Interest earned on short-term investments (Note 5)	**(581,671)**	(48,031)
Unrealized (gain) loss on investment (Note 8)	**(855,360)**	39,985
Depreciation expense (Note 9)	**116,707**	8,504
Share-based compensation (Notes 13 and 14)	**1,797,163**	692,549
Option payment issued in shares (Notes 11 and 17)	**80,602**	-
Foreign exchange gains	**(130,762)**	90,225
	(18,555,776)	(8,911,456)
Change in working capital items:		
Sales tax recoverable	**145,507**	(27,245)
Prepaid expenses	**114,162**	(308,630)
Accounts payable and accrued liabilities	**239,512**	(12,279)
Cash Flows (used in) Operating Activities	**(18,056,595)**	(9,259,610)
Financing Activities		
Proceeds from private placement financings (Notes 11 and 12)	**-**	29,141,907
Share issuance costs (Note 11)	**-**	(723,319)
Proceeds from exercise of warrants (Notes 11 and 12)	**2,760,456**	4,147,923
Proceeds from exercise of stock options (Notes 11 and 13)	**436,000**	492,025
Cash Flows provided by Financing Activities	**3,196,456**	33,058,536
Investing Activities		
Redemption of short-term investments (Note 5)	**20,204,736**	-
Purchases of short-term investments (Note 5)	**(16,347,144)**	(11,896,725)
Acquisition of minority interest in investment (Note 8)	**-**	(767,415)
Additions of property and equipment (Note 9)	**(986,446)**	(42,980)
Cash Flows provided by (used in) Investing Activities	**2,871,146**	(12,707,120)
(Decrease) increase in cash and cash equivalents	**(11,988,993)**	11,091,806
Effect of foreign exchange on cash and cash equivalents	**(126,670)**	(170,144)
Cash and cash equivalents, beginning of year	**12,723,946**	1,802,284
Cash and cash equivalents, end of year	**608,283**	12,723,946

1. Nature of Operations and Going Concern

Hercules Metals Corp. ("Hercules Metals" or the "Company") is incorporated under the *Business Corporations Act (Ontario)* with its registered office located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5, Canada. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "BIG", on the OTCQB® Venture Market under the symbol "BADEF", and on the Frankfurt Stock Exchange under the symbol "8Q7".

The Company is a junior mining company focused on the exploration and development of its 100% owned Hercules Property (the "Hercules Property"), located in Washington County, Idaho, in the United States (the "U.S."). The Hercules Property represents 24,276 acres consisting of private, state, and federal mineral rights. The Company holds surface mining rights on 1,770 acres, granting the right to conduct exploration, drilling, road construction, mining, and milling activities, as well as a 7,669-acre state lease that provides the ability to explore, develop, and mine within the Hercules Property. Effective June 28, 2024, the Company changed its name from Hercules Silver Corp. to Hercules Metals Corp., to reflect its diversified metals portfolio, including the newly discovered porphyry copper target at the Hercules Property.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. This is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, the achievement of profitable operations or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company's viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company are equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

During the year ended December 31, 2024, the Company incurred a net loss of $18,982,455 (2023 – net loss of $9,694,688), and as of that date, the Company's accumulated deficit was $41,558,930 (December 31, 2023 – accumulated deficit of $22,576,475). As at December 31, 2024, the Company had available working capital of $8,822,708 (December 31, 2023 – working capital of $24,582,711), including a cash and cash equivalents balance of $608,283 (December 31, 2023 – $12,723,946), which it can deploy to fulfill financial requirements for the 12-month period ending December 31, 2025. Nevertheless, it is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies set out below were consistently applied to the periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on April 17, 2025.

(b) Basis of Measurement

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, based on the historical cost basis, modified by the measurement at fair value of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Expressed in Canadian dollars)

2. Basis of Presentation (continued)

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, as follows:

Name	Jurisdiction	Percentage Owned
Hercules Metals Corp.	Ontario, Canada	100%
BE Gold Canada Inc. [1]	Ontario, Canada	100%
Frontera Gold Nevada Inc. [2]	Nevada, U.S.	100%
1218530 B.C. Ltd.	British Columbia, Canada	100%
Anglo-Bomarc, U.S., Inc.	Idaho, U.S.	100%
Frontier Metals Canada Holdings Corp. [3]	Ontario, Canada	100%
Frontier Metals LLC	Idaho, U.S.	100%

[1] *Dissolved on October 29, 2024.*
[2] *Dissolved on October 2, 2024.*
[3] *Dissolved on November 15, 2024.*

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(d) Functional Currency

The functional and presentation currency of the Company and its Canadian subsidiaries is the Canadian dollar ("$" or "CAD"). The functional currency of the Company's U.S. subsidiaries is the U.S. dollar ("USD"). The functional currency is the currency of the primary economic environment in which the Company operates.

(e) Use of Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS® Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses, and uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known.

Items for which actual results may differ materially from these judgments and estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financing and the Company's cash and cash equivalents position at year-end.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

2. Basis of Presentation (continued)

(e) Significant Accounting Judgments and Estimates (continued)

Determination of fair value hierarchy

The categorization of the fair value measurement into one of the three different levels shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Judgment is required in assessing the significance of a particular input to the fair value measurement in its entirety, taking into account factors specific to the asset or liability.

The use of a valuation model precludes the use of Level 1. However, the fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques that the respective models used to measure fair value. The level within the hierarchy is determined based on the valuation inputs, not on the methodology or complexity of the model. The use of a model does not automatically result in a Level 3 fair value measurement.

Provisions

The Company recognizes a provision if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Valuation of share-based compensation and share purchase warrants

Management determines the costs for share-based compensation ("SBC") on stock options, restricted share units (each a "RSU") and share purchase warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments are used in applying the valuation techniques. These assumptions and judgments include the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate. Such assumptions and judgments are inherently uncertain. Changes in these assumptions can affect the fair value estimates of SBC and share purchase warrants.

Functional currency

Foreign currency translation under IFRS® Accounting Standards requires each entity to determine its own functional currency, which becomes the currency that the entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labor, material and other costs for each consolidated entity. Judgement is also required in assessing whether loans to a foreign operation are likely to be repaid in the foreseeable future and are therefore considered to form part of the Company's net investment in the foreign operation.

3. Summary of Material Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit, and short-term investments with maturities of three months or less at the time of acquisition. The Company does not hold any asset-backed commercial paper.

3. Summary of Material Accounting Policies (continued)

(b) Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at fair value through profit and loss (“FVTPL”); (b) those to be measured subsequently at fair value through other comprehensive income (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flow. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in the consolidated statements of loss and comprehensive loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are also reclassified as applicable.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest (“SPPI”) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of loss and comprehensive loss.

Financial assets at fair value through other comprehensive income (loss)

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss) (“OCI”).

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial assets classified under this category are measured at amortized cost using the effective interest method. Financial liabilities, comprised of accounts payable and accrued liabilities, are classified and measured at amortized cost.

The Company’s classification of financial assets and financial liabilities under IFRS 9 – Financial Instruments (“IFRS 9”) are summarized below:

Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets, including equity investments, are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

3. Summary of Material Accounting Policies (continued)

(b) Financial Instruments (continued)

Expected credit loss impairment model

IFRS 9 introduced a single expected credit losses impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1 inputs are unadjusted quoted prices, in active markets for identical assets or liabilities that the entity can access at the measurement date. For a price to qualify as Level 1, the Company should be able to obtain the price from multiple sources as a single market maker would almost by definition suggest an inactive market. Level 1 inputs related to items traded on an exchange or an active index/market location.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, which include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active, for example, dealer markets where the dealer is standing ready and able to transact at that price such as an OTC market;
- Broker quotes corroborated with observable market information;
- Inputs other than quoted prices are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads, etc.

Examples of Level 3 values include:

- Inputs obtained from broker quotes or a pricing service that are indicative (that is, not being transacted upon) and not corroborated with observable market data; and
- Models that incorporate management assumptions that cannot be corroborated with observable market data.

3. Summary of Material Accounting Policies (continued)

(b) Financial Instruments (continued)

Determination of fair value (continued)

As at December 31, 2024 and 2023, the Company had determined that the investment that it made in Scout Discoveries Corp. (defined hereafter) did not have an active market and any observable inputs directly or indirectly from quoted prices of a similar asset in markets which are not active. As such, the Company had classified this investment as Level 3 input under the fair value hierarchy.

(c) Mineral Properties and Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, the Company expenses exploration and evaluation (“E&E”) expenditures as incurred. These expenditures include, but are not limited to, costs such as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment, if any, during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur. Acquisition costs of mineral property rights, property option payments related to E&E activities are also expensed as incurred.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes the costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(d) Reclamation Obligations

An obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged to the consolidated statements of loss and comprehensive loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2024 and 2023, the Company had no material reclamation obligations.

(e) Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes acquisition costs or construction costs, as well as costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When equipment includes significant components with different useful lives, they are recorded and amortized separately.

Depreciation is computed using the straight-line method based on the estimated useful life of the assets, or the declining-basis method, and commences when title and ownership have transferred to the Company and is readily available for its intended use. The residual value, useful life and depreciation methods are reviewed at the end of each reporting period. Such a review takes into consideration the nature of the asset, the intended use and impact of technological changes. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of capital assets.

Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is recorded on a straight-line basis over five years for leasehold improvements and 10 years for a new building which was purchased in 2024, on a straight-line basis over three years for drilling equipment, and on a 20% declining basis for trailer equipment.

3. Summary of Material Accounting Policies (continued)

(f) Impairment

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units ("CGU") to which the exploration activity relates.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

(g) Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(h) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI, in which case the income tax is also recognized directly in equity or OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(i) Share Capital

In situations where the Company issues units, the value of units is bifurcated, and the value of warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined using the application of the Black-Scholes valuation model ("Black-Scholes").

3. Summary of Material Accounting Policies (continued)

(j) Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(k) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the period.

(l) Share-Based Payments

The Company operates an employee stock option plan, which allows eligible participants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of stock options is determined using Black-Scholes. The fair value of equity-settled share-based transactions is recognized as an SBC expense with a corresponding increase in contributed surplus.

The number of stock options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

If share-settled payments are modified, as a minimum an expense is recognized as if the modification has not been made. An additional expense is recognized, over the remaining vesting period, for any modification that increases the total fair value of the SBC benefit as at the date of modification.

Amounts recorded for cancelled or expired unexercised options are transferred to retained earnings (accumulated deficit) in the period of which the cancellation or expiry occurs.

(m) Restricted Share Units

The Company also operates a RSU plan (the "RSU Plan"), where RSUs are granted to directors, employees and consultants from time to time. Under the RSU Plan, employees and directors are granted RSUs where each RSU has a value equal to one common share of the Company. RSUs are equity-settled share-based payments and are measured at fair value on the date of grant, based on the closing price of the Company's common shares on the grant date. SBC is recognized over the vesting period with a corresponding credit to RSU reserve.

Amounts recorded for cancelled RSUs are transferred to retained earnings (accumulated deficit) in the period of which the cancellation or expiry occurs.

Upon the issuance of common shares on vested RSUs, the amounts of the RSUs are transferred to share capital and the related reserves are transferred to share capital.

(n) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. Summary of Material Accounting Policies (continued)

(o) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive income (loss) for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in OCI is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item 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 the reserve for foreign exchange.

(p) Segment Reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration, and two geographical segments, Canada and the U.S.

(q) Adoption of New Accounting Policies

The Company adopted the following amendments, effective January 1, 2024. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of these amendments on its consolidated financial statements:

Amendments to IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") and IAS 7 – Statements of Cash Flows ("IAS 7")

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management.

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020 and October 2022, the IASB issued amendments to IAS 1. The amendments clarify the requirements for classifying liabilities as either current or non-current by clarifying that liabilities are classified as either current or non-current depending on the existence at the end of the reporting period of a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability's classification as current or non-current, even if compliance with the covenant is only assessed after the entity's reporting date, classification is unaffected by the likelihood that an entity will settle the liability within 12 months after the reporting date, and how an entity classifies debt an entity may settle by converting it into equity.

3. Summary of Material Accounting Policies (continued)

(r) Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 18 – Presentation and Disclosure of Financial Statement ("IFRS 18")

In April 2024, the IASB issued the new standard of IFRS 18. The standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The Company is assessing the impacts to ensure that all information complies with the standard.

IFRS 9 and IFRS 7

In May 2024, the IASB issued narrow scope amendments to IFRS 9 and IFRS 7. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024. The amendments provide clarification that a financial liability is derecognized on the 'settlement date', i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired and provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features and clarify that, for a financial asset to have 'non-recourse' features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test), clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods.

4. Cash and Cash Equivalents

As at December 31, 2024, the Company had total cash of $608,283 (December 31, 2023 – $12,723,946, including a balance of $1,926,851 invested in high interest savings funds (the "High Interest Savings Funds")), which are available on demand. As at December 31, 2024, there were no cash equivalents on hand (December 31, 2023 – $6,527,086 invested in certain guaranteed investment certificates ("GICs") with a maturity of less than three months).

During the year ended December 31, 2024, dividend income of $61,858 (2023 – $113,211) was received and reinvested into the High Interest Savings Funds, and interest income of $236,764 (2023 – $25,430) was received on the GICs.

5. Short-Term Investments

As at December 31, 2024, the Company had invested in various short-term GICs with maturity ranging between six months to one year valued at $8,709,372 (December 31, 2023 – $11,854,531), which are measured at amortized cost. These short-term investments were held in order to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding.

During the year ended December 31, 2024, interest income of $581,671 (2023 – $48,031) was received on these short-term GICs.

During the year, the Company redeemed short-term GICs for total proceeds of $20,204,736 (2023 – $nil). The Company also re-invested total funds of $16,347,144 (2023 – $11,896,725) into additional short-term GICs.

(Expressed in Canadian dollars)

6. Sales Tax Recoverable

As at December 31, 2024, the Company's sales tax recoverable balance comprises amounts in respect of Harmonized Sales Tax refunds. Subsequent to year-end, the Company received these amounts in full.

7. Prepaid Expenses

As at December 31, 2024 and 2023, the Company's prepaid expenses are comprised of the following items:

	December 31, 2024	December 31, 2023
	$	$
Prepaid insurance	**26,422**	25,683
Advances made to suppliers	**12,344**	63,836
Advances made to suppliers related to E&E activities	**187,885**	251,294
	226,651	340,813

8. Investment

On July 28, 2023, the Company participated in a private placement investment (the "Investment") and acquired a minority interest in Scout Discoveries Corp. ("Scout Discoveries"), a mineral exploration company with a 100% interest in four precious and base metals projects based in Idaho, U.S. The Company subscribed for 500,000 shares of Scout Discoveries for a sum of $340,425 (USD $250,000). The Investment was recorded at fair value at initial recognition.

On November 14, 2023, the Company participated in a second round of the Investment with Scout Discoveries and subscribed for an additional 600,000 shares of Scout Discoveries for a sum of $426,990 (USD $300,000). The Investment was recorded at fair value at initial recognition.

As a result of this investment, at December 31, 2024, the Company holds 1.1 million shares of Scout Discoveries, representing approximately 3.2% of Scout Discoveries (December 31, 2023 – approximately 4% of Scout Discoveries).

As at December 31, 2024, the Investment in Scout Discoveries was recorded at a fair value of $1,582,790 (December 31, 2023 – $727,430), based on the subscription price of the most recent private placement financing closed by Scout Discoveries, which was twice the subscription price from 2023. As a result of the increased subscription price and the appreciation of the USD currency versus the CAD at year-end, an unrealized gain of $855,360, including an unrealized gain of $63,965 due to changes in foreign exchange, was recorded on the consolidated statements of loss and comprehensive loss during the year ended December 31, 2024 (2023 – unrealized loss of $39,985 due to changes in foreign exchange).

The following summarizes the changes in the Investment of Scout Discoveries for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	$	$
Balance, beginning of year	**727,430**	-
Additions	**-**	767,415
Changes in fair value	**791,395**	-
Changes due to foreign exchange	**63,965**	(39,985)
Balance, end of year	**1,582,790**	727,430

(Expressed in Canadian dollars)

9. Property and Equipment

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	**Total**
	$	$	$	$	$	**$**
Cost at:						
December 31, 2022	-	-	-	-	-	**-**
Additions	-	-	35,438	7,542	-	**42,980**
December 31, 2023	**-**	**-**	**35,438**	**7,542**	**-**	**42,980**
Accumulated depreciation at:						
December 31, 2022	-	-	-	-	-	**-**
Depreciation expense	-	-	7,875	629	-	**8,504**
December 31, 2023	**-**	**-**	**7,875**	**629**	**-**	**8,504**

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	**Total**
	$	$	$	$	$	**$**
Cost at:						
December 31, 2023	-	-	35,438	7,542	-	**42,980**
Additions	956,542	23,129	-	-	6,775	**986,446**
Effect of FX on translation	73,982	1,400	-	-	420	**75,802**
December 31, 2024	**1,030,524**	**24,529**	**35,438**	**7,542**	**7,195**	**1,105,228**
Accumulated depreciation at:						
December 31, 2023	-	-	7,875	629	-	**8,504**
Depreciation expense	98,104	4,027	11,813	1,508	1,255	**116,707**
Effect of FX on translation	4,949	203	-	-	64	**5,216**
December 31, 2024	**103,053**	**4,230**	**19,688**	**2,137**	**1,319**	**130,427**

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	**Total**
	$	$	$	$	$	**$**
Net Book Value:						
December 31, 2023	-	-	27,563	6,913	-	34,476
December 31, 2024	**927,471**	**20,299**	**15,750**	**5,405**	**5,876**	**974,801**

10. Accounts Payable and Accrued Liabilities

	December 31, 2024	December 31, 2023
	$	$
Trade payables	**658,842**	152,212
Accrued liabilities	**85,600**	352,718
	744,442	504,930

Accounts payable and accrued liabilities of the Company are composed primarily of amounts outstanding for trade purchases incurred in the normal course of business.

11. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding as at December 31, 2024 and 2023 are as follows:

Share capital transactions for the year ended December 31, 2023

On April 20, 2023, the Company completed a brokered private placement (the "Brokered Offering") of 28,750,000 units (each a "Unit) at a price of $0.20 per Unit, for gross proceeds of $5,750,000. Each Unit is comprised of one common share and one-half of a common share purchase warrant (each a "Warrant") exercisable at an exercise price of $0.30 for a period of 24 months from closing. As consideration for Agent's services in connection with the Brokered Offering, the Company paid a cash commission of $292,050 to the Agents.

The Company also issued 1,460,250 common share purchase warrants to certain brokers in connection with the Brokered Offering (each a "Broker Warrant"), each exercisable to acquire one common share at an exercise price of $0.20 for a period of 24 months from closing (see Note 12 for more details). In connection with the Brokered Offering, the Company paid total issuance costs of $827,810, of which $186,526 was allocated to warrants reserve.

On November 7, 2023, the Company completed a non-brokered private placement (the "Placement"), resulting in Barrick Gold Corporation ("Barrick") subscribing for 21,265,370 Units at a price of $1.10 per Unit, for gross proceeds of $23,391,907. Each Unit is comprised of one common share and 0.32 of a Warrant. Each whole Warrant entitles the holder thereof to purchase one common share for a price of $1.32 per common share for a period of 24 months from closing. In connection with the Placement, the Company paid total issuance costs of $131,692, of which $21,616 was allocated to warrants reserve.

During the year ended December 31, 2023, the Company issued 24,907,117 common shares as a result of the exercise of Warrants for total cash proceeds of $4,147,924.

During the year ended December 31, 2023, the Company issued 5,022,500 common shares as a result of the exercise of stock options for total cash proceeds of $492,025.

During the year ended December 31, 2023, the Company also issued a total of 1,750,000 common shares as a result of the exercise of RSUs. The fair value of these RSUs was estimated to be $150,000.

Share capital transactions for the year ended December 31, 2024

On September 30, 2024, the Company issued 130,004 common shares as share consideration pursuant to a lease option agreement (the "Lease Option Agreement") (see Note 17). These common shares were valued at $80,602, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2024, the Company issued a total of 500,000 common shares as a result of the exercises of RSUs. The fair value of these RSUs was estimated to be $45,000.

During the year ended December 31, 2024, the Company issued 19,529,779 common shares as a result of the exercise of Warrants for total cash proceeds of $2,760,456.

During the year ended December 31, 2024, the Company issued 2,875,000 common shares as a result of the exercise of stock options for total cash proceeds of $436,000.

(Expressed in Canadian dollars)

12. Warrants

The following summarizes the Warrants activities for the years ended December 31, 2024 and 2023:

	2024		2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**33,366,977**	**0.13**	41,395,944	0.13
Issued from private placement financing	**-**	**-**	14,375,000	0.30
Issued from private placement financing	**-**	**-**	1,460,250	0.20
Issued from private placement financing	**-**	**-**	6,804,918	1.32
Exercised	**(157,280)**	**0.20**	(5,802,950)	0.20
Exercised	**(16,224,999)**	**0.11**	(14,441,667)	0.11
Exercised	**(3,147,500)**	**0.30**	(4,662,500)	0.30
Expired	**-**	**-**	(5,762,018)	0.20
Outstanding, end of year	**13,837,198**	**0.80**	33,366,977	0.41

Warrants activities for the year ended December 31, 2023

On April 20, 2023, the Company issued 14,375,000 Warrants in connection with the Brokered Offering, as disclosed in Note 11. Each Warrant is exercisable at $0.30 to purchase one common share of the Company for a period of 24 months from closing. The grant date fair value of the Warrants issued was estimated to be $1,295,617 using Black-Scholes with the following assumptions: expected volatility of 121% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.79% and an expected life of two years. In connection with the Private Placement, issuance costs of $186,526 were also allocated under warrant reserve. In addition, the Company issued 1,460,250 Broker Warrants, of which each Broker Warrant is exercisable into one common share of the Company, at an exercise price of $0.20 for a period of 24 months from closing. The grant date fair value of the Broker Warrants issued was estimated to be $236,183 using Black-Scholes based on the same assumptions used for the Warrants.

On November 7, 2023, the Company issued 6,804,912 Warrants in connection with the Placement with Barrick, as disclosed in Note 11. Each Warrant is exercisable at $1.32 to purchase one common share of the Company for a period of 24 months from closing. The grant date fair value of the Warrants issued was estimated to be $3,839,563 using Black-Scholes with the following assumptions: expected volatility of 125% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 4.44% and an expected life of two years. In connection with the Placement, issuance costs of $21,616 had also been allocated under warrants reserve.

On March 24, 2023, 5,762,018 Warrants, including 168,513 Broker Warrants, all exercisable at $0.20, expired unexercised. An amount of $149,719, representing the grant date fair value of these Warrants recorded in warrants reserve, was transferred to accumulated deficit upon expiry.

During the year ended December 31, 2023, 24,907,117 Warrants were exercised for total cash proceeds of $4,147,924. An amount of $1,012,029, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

Warrants activities for the year ended December 31, 2024

During the year ended December 31, 2024, 19,529,779 Warrants were exercised for total cash proceeds of $2,760,456. An amount of $704,215, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

(Expressed in Canadian dollars)

12. Warrants (continued)

The following table summarizes information of warrants outstanding as at December 31, 2024:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#	$	Years
April 20, 2025	6,565,000	0.30	0.30
April 20, 2025	467,280	0.20	0.30
November 7, 2025	6,804,918	1.32	0.85
	13,837,198	**0.80**	**0.57**

Subsequent to year-end, 5,977,500 Warrants exercisable at $0.30, and 467,280 Broker Warrants exercisable at $0.20, were exercised, respectively (see Note 24 for more details).

13. Stock Options

The Company previously had a stock option plan (the “Stock Option Plan”) for qualified directors, officers, employees, and consultants of the Company (the “Eligible Participants”). The Stock Option Plan provided for the granting of options up to 10% of its issued and outstanding common shares. The designation of Eligible Participants, number of options, exercise price and vesting provisions of awards under the Stock Option Plan was determined by the Board at the time of issuance.

On July 15, 2022, shareholders of the Company approved a new omnibus incentive plan (the “Omnibus Plan”), and the Company will no longer be issuing options pursuant to the Stock Option Plan. The Stock Option Plan will remain in force and effect solely for the purposes of governing previously existing options granted thereunder. The Omnibus Plan provides for the issuance of options and RSUs to Eligible Participants. Pursuant to the terms and conditions of the Omnibus Plan, the maximum amount of the Company’s common shares reserved for issuance is limited to 29,341,745 common shares less any other common shares reserved for issuance pursuant to other securities-based compensation arrangements.

The following summarizes the options activities for the years ended December 31, 2024 and 2023:

	2024		2023	
	Number of options	**Weighted average exercise**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**6,847,500**	**0.17**	10,670,000	0.11
Granted	**200,000**	**0.83**	750,000	0.265
Granted	**200,000**	**0.72**	2,750,000	0.17
Granted	**500,000**	**0.62**	500,000	0.215
Exercised	**(1,775,000)**	**0.09**	(3,647,500)	0.09
Exercised	**(300,000)**	**0.10**	(900,000)	0.10
Exercised	**-**	**-**	(350,000)	0.15
Exercised	**(250,000)**	**0.17**	(125,000)	0.17
Exercised	**(250,000)**	**0.215**	-	-
Exercised	**(300,000)**	**0.50**	-	-
Cancelled	**-**	**-**	(2,500,000)	0.09
Cancelled	**-**	**-**	(300,000)	0.15
Outstanding, end of year	**4,872,500**	**0.28**	6,847,500	0.17

13. Stock Options (continued)

Options activities for the year ended December 31, 2023

On January 15, 2023, 2,500,000 options granted on May 10, 2022 to a former director at an exercise a price of $0.09, were cancelled.

On March 1, 2023, the Company granted 750,000 options to a director. The options are exercisable at a price of $0.265 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to March 1, 2025. The options were valued using Black-Scholes with the following assumptions: expected volatility of 102% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.59% and an expected life of five years. The grant date fair value attributable to these options was $152,273, of which $42,363 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024 (2023 – $106,786).

On May 22, 2023, the Company granted 2,750,000 options to certain officers and consultants. The options are exercisable at a price of $0.17 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to May 22, 2025. The options were valued using Black-Scholes with the following assumptions: expected volatility of 103% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.29% and an expected life of five years. The grant date fair value attributable to these options was $359,162, of which $132,339 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024 (2023 – $208,297).

On July 10, 2023, the Company granted 500,000 options to a consultant. The options are exercisable at a price of $0.215 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to July 10, 2025. The options were valued using Black-Scholes with the following assumptions: expected volatility of 102% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.91% and an expected life of five years. The grant date fair value attributable to these options was $82,894, of which $36,164 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024 (2023 – $40,939).

On October 12, 2023, the Board extended the date of expiry of 150,000 options previously granted on May 19, 2019, and another 250,000 granted on July 22, 2022, to July 18, 2024. The extension constituted a modification in accordance with the guidance of IFRS 2 – Share-Based Payments (“IFRS 2”). As the modification in connection to the 150,000 options increases the fair value of the options, measured immediately before and after the modification, the Company recorded the incremental fair value, the difference between the fair value of the modified options and that of the original grant. As a result, the Company recorded an additional SBC of $2,666, which is included in options reserve.

During the year ended December 31, 2023, 5,022,500 options were exercised for total cash proceeds of $492,025. An amount of $293,195, representing the grant date fair value of these options was transferred to share capital upon the exercise.

Options activities for the year ended December 31, 2024

On April 4, 2024, the Company granted 200,000 stock options to certain investor relations consultants. The options are exercisable at a price of $0.83 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to April 4, 2026. The options were valued using Black-Scholes with the following assumptions: expected volatility of 106% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.58% and an expected life of five years. The grant date fair value attributable to these options was $128,238, of which $83,619 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024.

On June 24, 2024, the Company granted 200,000 stock options to an employee. The options are exercisable at a price of $0.72 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to June 24, 2026. The options were valued using Black-Scholes with the following assumptions: expected volatility of 117% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.37% and an expected life of five years. The grant date fair value attributable to these options was $96,750, of which $51,460 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024.

On July 18, 2024, the Board further extended the date of expiry of 250,000 options previously granted on May 19, 2019, and subsequently extended to July 22, 2022, to July 27, 2027. The extension constituted a modification in accordance with the guidance of IFRS 2. As the modification in connection to the 250,000 options did not increase the fair value of the options, measured immediately before and after the modification, no incremental fair value was recorded.

(Expressed in Canadian dollars)

13. Stock Options (continued)

Options activities for the year ended December 31, 2024 (continued)

On July 30, 2024, the Company granted 500,000 stock options to a consultant. The options are exercisable at a price of $0.62 per common share for a period of five years. The options vest 50% on grant, and 25% at each six-month anniversary from grant up to July 30, 2025. The options were valued using Black-Scholes with the following assumptions: expected volatility of 117% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.16% and an expected life of five years. The grant date fair value attributable to these options was $255,189, of which $207,907 was recorded as SBC in connection with the vesting of options during the year ended December 31, 2024.

During the year ended December 31, 2024, 2,875,000 options were exercised for total cash proceeds of $436,000. An amount of $227,109, representing the grant date fair value of these options was transferred to share capital upon the exercises.

In total, SBC of $557,473 was recorded in connection with the vesting of options during the year ended December 31, 2024 (2023 – $478,742).

The following table summarizes information of stock options outstanding and exercisable as at December 31, 2024:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
July 27, 2027	500,000	500,000	0.09	2.57
August 10, 2027	7,500	7,500	0.09	2.61
March 1, 2028	750,000	562,500	0.265	3.17
May 22, 2028	2,375,000	1,687,500	0.17	3.39
July 10, 2028	250,000	-	0.215	3.53
August 2, 2028	90,000	90,000	0.0833	3.59
April 4, 2029	200,000	50,000	0.83	4.26
June 24, 2029	200,000	50,000	0.72	4.48
July 30, 2029	500,000	250,000	0.62	4.58
	4,872,500	**3,197,500**	**0.28**	**3.51**

Subsequent to year-end, 757,500 options were exercised (see Note 24 for more details).

14. Restricted Share Units

RSUs activities for the year ended December 31, 2023

On March 1, 2023, the Company granted 750,000 RSUs to a director. The RSUs vest 25% at each six-month anniversary from grant, up to March 1, 2025. The RSUs were valued at $198,750 based on the Company's closing share price on the date of grant, of which $47,011 was recorded as SBC in connection with the vesting of RSUs during the year ended December 31, 2024 (2023 – $147,660).

During the year ended December 31, 2023, 1,750,000 RSUs were exercised upon vesting. The fair value of these RSUs was estimated to be $150,000.

RSUs activities for the year ended December 31, 2024

On February 9, 2024, the Company granted 600,000 RSUs to certain consultants. The RSUs vest 50% after the one-year anniversary, and 25% at each six-month anniversary thereafter up to February 9, 2026. The RSUs were valued at $552,000 based on the Company's closing share price on the date of grant, of which $175,331 was recorded as SBC in connection with the vesting of RSUs during the year ended December 31, 2024. 330,000 of these RSUs have since been cancelled upon the resignation of one of the consultants.

On April 8, 2024, the Company granted 1,916,000 RSUs to certain officers and directors. The RSUs vest 25% at each six-month anniversary from grant up to April 8, 2026. The RSUs were valued at $1,571,120 based on the Company's closing share price on the date of grant, of which $1,015,134 was recorded as SBC in connection with the vesting of RSUs during the year ended December 31, 2024.

(Expressed in Canadian dollars)

14. Restricted Share Units (continued)

In total, share-based compensation of $1,239,690 was recorded in connection with the vesting of RSUs during the year ended December 31, 2024 (2023 – $213,807).

As at December 31, 2024, the Company had a total of 2,936,000 RSUs outstanding (December 31, 2023 – 1,250,000 RSUs).

15. Related Party Transactions and Balances

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

Remuneration to key management personnel and directors

The remuneration of directors and other members of key management personnel during the year ended December 31, 2024 and 2023 were as follows:

	2024	2023
	$	$
Consulting fees, salaries and wages included in G&A expenses	**489,583**	235,000
Consulting fees, salaries and wages included in E&E expenditures	**532,829**	303,713
Professional fees	**273,245**	202,966
Share-based compensation – options	**114,780**	249,678
Share-based compensation – RSUs	**1,062,146**	147,660
	2,472,583	1,139,017

During the year ended December 31, 2024, Clearwater Resources Inc. ("Clearwater"), an entity controlled by the Chief Executive Officer ("CEO") and also a director of Hercules Metals, charged fees of $66,250 (2023 – $45,000), for services provided to the Company, which are included in consulting fees, salaries and wages under general and administrative ("G&A") expenses (see Note 16). During the year, Clearwater also charged fees of $198,750 (2023 – $135,000) which are included in E&E expenditures. As at December 31, 2024, no balance was owed to Clearwater (December 31, 2023 – $16,002, included in accounts payable and accrued liabilities).

During the year ended December 31, 2024, the CEO, through Clearwater, also received a management bonus amount of $265,000 (2023 – $180,000), which are included in consulting fees, salaries and wages under G&A expenses. As at December 31, 2024, the management bonus amount had been paid to Clearwater.

Effective May 22, 2023, the Company, through its wholly-owned subsidiary, Anglo-Bomarc, U.S., Inc. ("Anglo-Bomarc") and its former Vice-President, Exploration ("VP-Exploration") entered into an employment agreement, whereas Hercules Metals agreed to pay an annual base salary of USD $200,000 for the former VP-Exploration's services which Exploration's services were terminated effective November 19, 2024. During the year ended December 31, 2024, the former VP-Exploration's salaries of $334,079 (USD $243,889) (2023 – 168,713 (USD $125,000)) were included in E&E expenditures. As at December 31, 2024, no balance was owed to VP-Exploration (December 31, 2023 – $4,198, included in accounts payable and accrued liabilities).

During the year ended December 31, 2024, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is also a partner, charged fees of $168,245 (2023 – $125,466) for legal services provided, which are included in professional fees. As at December 31, 2024, $356 (December 31, 2023 – $16,191) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2024, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") and Corporate Secretary, was formerly a director, charged fees of $45,000 (2023 – $77,500) for accounting and administrative services which are included in professional fees. Branson's services were terminated effective June 30, 2024. As at December 31, 2024, no balance was owed to Branson (December 31, 2023 – $nil).

During the year ended December 31, 2024, Blueknight Advisory Services Inc. ("Blueknight"), where the CFO is the principal, charged professional fees of $60,000 (2023 – $nil) for CFO and accounting services provided to the Company, which are included in professional fees. As at December 31, 2024, no balance was owed to Blueknight (December 31, 2023 – $nil).

(Expressed in Canadian dollars)

15. Related Party Transactions and Balances (continued)

Remuneration to key management personnel and directors (continued)

During the year ended December 31, 2024, the Company's non-executive directors and the Chairman of the Audit Committee received fees of $158,333 (2023 – $10,000) as consideration for the services provided to the Company, which are included in consulting fees, salaries and wages under G&A expenses. As at December 31, 2024, no fees were owed to any of the directors (December 31, 2023 – $nil).

Other related party transactions

During the year ended December 31, 2024, the Company recorded SBC of $114,780 in connection with the vesting of options previously granted to its officers and directors (2023 – $249,678).

During the year ended December 31, 2024, the Company also recorded SBC of $1,062,146 in connection with the vesting of RSUs previously granted to its officers and directors (2023 – $147,660).

In connection with the Brokered Offering which closed on April 20, 2023, Gowling also charged fees of $153,003 for legal services related to the financing, which is included in the amount of share issuance costs paid.

16. General and Administrative Expenses

The Company's G&A expenses for the years ended December 31, 2024 and 2023 were comprised of the following:

	2024	2023
	$	$
Consulting fees, salaries and wages	**676,332**	459,534
Office and general	**459,984**	179,059
Business development	**379,238**	252,662
Filing fees	**134,670**	89,546
Insurance	**73,615**	54,543
	1,723,839	1,035,344

17. Lease Option Agreement

On September 27, 2023, the Company entered into the Lease Option Agreement between the Company, Anglo-Bomarc (the "Lessee") and a local prospector (the "Lessor"), which grants Hercules Metals the option to acquire a 100% interest in a mineral property, comprising 87 unpatented lode mining claims within the Mineral mining district (the "Property") located on Bureau of Land Management-administered lands, 14 miles southwest of the Hercules Property.

Pursuant to the terms and subject to the conditions of the Lease Option Agreement, the Company and/or the Lessee is required to make lease payments in accordance with the following schedule:

Payment Date	**Cash Payments**	**Share Consideration**	**Status**
Within five business days of TSXV Approval	USD $100,000	USD $nil	Paid
September 27, 2024	USD $60,000	USD $60,000	Paid
September 27, 2025	USD $70,000	USD $70,000	Outstanding
September 27, 2026	USD $80,000	USD $80,000	Outstanding
September 27, 2027	USD $80,000	USD $80,000	Outstanding
September 27, 2028	USD $80,000	USD $80,000	Outstanding
September 27, 2029	USD $80,000	USD $80,000	Outstanding
September 27, 2030	USD $80,000	USD $80,000	Outstanding

Upon execution of the Lease Option Agreement, the Company shall also pay the annual maintenance fees for the claims. The Lease Option Agreement provides the Lessee with certain rights, including but not limited to, the right to access, enter, occupy, improve, explore, use, market, sell and dispose mineral and mineral substances on or from the Property.

During the year ended December 31, 2024, property acquisition costs of $162,790, comprised of the respective cash payment and share consideration of USD $60,000, were recorded on the consolidated statements of loss and comprehensive loss (2023 – $134,970, comprised of the initial cash payment of USD $100,000).

(Expressed in Canadian dollars)

17. Lease Option Agreement (continued)

At any time prior to the eighth anniversary of the Lease Option Agreement, the Lessee has the right to purchase the Property for an aggregate of USD $3 million (the "Option"), comprised of USD $1.5 million in cash and common shares equal to USD $1.5 million at a deemed value per common share equal to the 10-day VWAP of the common shares on the TSXV on the day preceding the delivery of the common shares to Lessor pursuant to the Option. In the event that the Option is exercised, the Lessee will receive credit for all lease payments previously made pursuant to the Lease Option Agreement, which will serve to reduce the cash and common share value owed upon potential exercise of the Option.

At the conclusion of the eight-year term, if the Lessee elects not to purchase the Property pursuant to the Option, then the Lessee has the sole and exclusive right and discretion to continue to lease the Property by providing the Lessor with: (i) annual lease payments of USD $160,000, and a 2% NSR royalty from the sale of all minerals on the Property.

In the event that the Lessee pays an aggregate total of USD $2,000,000 in royalties, then the Lessee may reduce the royalty rate to 1% upon payment of a one-time lump sum of USD $1,000,000 to Lessor. Thereafter, Lessor shall receive a 1% NSR royalty for production on any or all unpatented claims within the Property. If Lessee does not elect to "buy down" the Royalty, then Lessor shall receive a 2% NSR royalty for production on any or all unpatented claims within the Property.

18. Exploration and Evaluation Expenditures

The Company's E&E expenditures incurred for the years ended December 31, 2024 and 2023 were comprised of the following:

	2024	2023
	$	$
Claims maintenance	**541,120**	36,953
Geological work and technical studies	**386,361**	469,859
Fieldwork testing	**-**	4,644
Exploration drilling	**15,622,606**	6,828,969
	16,550,087	7,340,425

19. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5% (2023 – 26.5%) to the effective tax rate is as follows:

	2024	2023
	$	$
Loss before income taxes	**(18,982,455)**	(9,694,688)
Expected income tax recovery based on statutory rate	**(5,030,350)**	(2,569,090)
Adjustment to expected income tax recovery		
Share based compensation and other non-deductible items	**479,600**	129,830
Share issuance cost booked directly to equity	**-**	(254,270)
Difference in tax rates	**(254,270)**	424,070
Change in tax benefits not realized	**4,805,020**	2,269,460
Income tax expense (recovery)	**-**	-

(Expressed in Canadian dollars)

19. Income Taxes (continued)

Unrecognized deferred tax assets

The following table summarizes the components of deferred tax:

	2024	2023
	$	$
Deferred Tax Assets		
Operating tax losses carried forward	**108,040**	-
Subtotal of tax assets	**108,040**	-
Deferred Tax Liabilities		
Investments	**(108,040)**	-
Subtotal of tax liabilities	**(108,040)**	-
Net Deferred Tax Liability	**-**	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2024	2023
	$	$
Property, plant and equipment	**312,240**	190,310
Investment	**-**	39,990
Share issuance costs	**632,490**	874,650
Resource pools – mineral properties	**6,469,540**	8,924,980
Operating tax losses carried forward – Canada	**7,308,250**	7,534,280
Operating tax losses carried forward – U.S.	**19,218,250**	514,270
	33,940,770	18,078,480

Share issuance costs will be fully deducted by 2027.

The U.S. operating tax losses can be carried forward indefinitely.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Canadian operating tax losses expire as noted in the table below.

	$
2039	1,071,090
2040	978,680
2041	1,803,260
2042	1,109,650
2043	1,761,960
2044	583,610
	7,308,250

20. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of the Company does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company’s approach for managing capital since the Company’s last reporting period.

(Expressed in Canadian dollars)

20. Capital Management (continued)

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants reserve, options reserve, RSUs reserve, accumulated other comprehensive loss and accumulated deficit. As at December 31, 2024, the Company's capital consisted of a balance of $11,380,299 (December 31, 2023 – $25,344,617).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

21. Financial Instruments

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and short-term investments, which expose the Company to credit risk should the borrower default on the maturity of the instruments. Cash and cash equivalents and short-term investments are held with reputable Canadian chartered banks and financial institutions, which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and short-term investments is minimal.

The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables balance. As the Company does not currently have any trade receivable, management believes that the credit risk concentration with respect to trade receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at December 31, 2024, the Company had a cash and cash equivalents balance of $608,283 (December 31, 2023 – $12,723,946) and short-term investments of $8,709,372 (December 31, 2023 – $11,854,531), to settle current liabilities of $744,442 (December 31, 2023 – $504,930).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at December 31, 2024:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	744,442	744,442	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

21. Financial Instruments (continued)

Liquidity risk (continued)

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash and cash equivalents and short-term investments position as at December 31, 2024.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices.

Price risk

The Company is exposed to price risk with respect to commodity prices. Price risk is remote since the Company is not a producing entity.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. As the Company's E&E activities are primarily based in the U.S., it is exposed to foreign exchange risk with respect to USD. The Company raises funds in CAD for its operations in the US. Foreign exchange risk arises on cash and trade payables from operations in the U.S. The Company believes that its results of operations and cash flows would be affected by a sudden change in foreign exchange rates. The Company mitigates this risk by maintaining sufficient USD-denominated cash to meet its USD-denominated obligations. As at December 31, 2024, the Company had the following USD assets and liabilities in Canadian dollars:

	2024	2023
	$	$
Cash and cash equivalents	**119,741**	2,889,685
Accounts payable and accrued liabilities	**(426,529)**	(63,750)
Net Exposure to USD	**(306,788)**	2,825,935

Had the value of the USD increased or decreased by 10%, the net loss and comprehensive loss would have increased or decreased by $30,679 as a result of this exposure (2023 – $282,594).

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash and cash equivalents, short-term investments, the Investment in Scout Discoveries and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2024, the Company's financial instruments carried at a fair value of $1,582,790 consisted of the Investment in Scout Discoveries, which have been classified as Level 3 (December 31, 2023 – $727,430).

22. Segmented information

The Company has one operating segment focused on the exploration and development of the Leviathan and Hercules Properties in Idaho, U.S.

23. Contingencies

The Company’s E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at December 31, 2024, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

The Company may also, from time to time, be subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Liabilities associated with legal proceedings are recorded when (i) the liabilities are a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligations, and (iii) a reliable estimate can be made of the amount of obligation.

The Company was previously responsible for payment of a dispute in connection to certain exploration drilling services provided by an arm’s length party (the “Contractor”), for an alleged breach of the terms pursuant to a drilling services agreement between the parties, for the Contractor’s failure to complete drilling as required. During the year ended December 31, 2024, the Company settled the dispute by making a payment of USD $150,000 to the Contractor, for which the amount was included in accounts payable and accrued liabilities as of December 31, 2023.

24. Subsequent Events

Options grants and cancellation

On February 17, 2025, 625,000 options exercisable at $0.17 were cancelled.

On March 19, 2025, the Company granted 175,000 stock options to a third-party consultant. The options are exercisable at a price of $0.72 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to March 19, 2027.

Issuance of common shares from exercises of warrants, options and RSUs

Subsequent to December 31, 2024, the Company also issued the following common shares:

- 6,519,780 common shares from exercises of Warrants for total cash proceeds of $1,909,206;
- 757,500 common shares from exercises of options for total cash proceeds of $133,800; and
- 135,000 common shares from exercises of RSUs.

Mining Lease

On March 4, 2025, the Company announced that Anglo-Bomarc has entered into a 20-year mineral lease agreement with the Idaho Department of Lands (the “IDL”) to explore, develop and mine metallic minerals on approximately 7,669 acres of state-owned land adjacent to the Hercules Property, and 640 acres adjacent to its nearby mineral property.

The lease has a primary term of 20 years, commencing on March 1, 2025, and expiring on February 28, 2045, with the potential to extend the lease beyond its initial term, subject to Idaho law and a negotiated extension agreement with the IDL. Under the terms of the lease, Anglo-Bomarc will pay an annual rental fee of USD $24,927, which will increase by 3% each year over the 20-year lease term. Anglo-Bormac will remit a 5% NSR royalty on any minerals produced from the leased area.

To incentivize production, minimum annual royalty amounts are due each year, regardless of if the lease has reached production, starting at USD $20,000 per year for the first five years of the agreement, increasing to USD $30,000 in years 6-10, USD $70,000 in years 11-15, and USD $100,000 in years 16-20. If production occurs, the production royalty payments can be credited against the minimum annual royalty for that year.