



**TROUBADOUR RESOURCES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Troubadour Resources Inc.

### *Opinion*

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

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

### *Basis for Opinion*

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

### *Material Uncertainty Related to Going Concern*

We draw your attention to Note 1 on the financial statements, which indicates the Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

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

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

### *Assessment of Impairment Indicators of Mineral Properties*

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's Mineral Properties was \$7,130,649 as of December 31, 2024. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses Mineral Properties for indicators of impairment at the end of each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of Mineral Properties is a key audit matter are that there was judgment by management when assessing whether there were indicators of impairment for the Mineral Properties, specifically related to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the Mineral Properties.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures include, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mineral Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's right to explore Mineral Properties including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the Mineral Properties are in good standing.

#### ***Other Information***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 30, 2025

**TROUBADOUR RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

As at	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 424,297	\$ 48,920
Prepaid expenses	431,807	5,208
Receivables	240,509	2,960
	1,096,613	57,088
Right-of-use assets (Note 5)	230,500	-
Reclamation deposit (Note 6)	16,850	16,850
Mineral properties (Note 6)	7,130,649	1,702,755
	\$ 8,474,612	\$ 1,776,693
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Lease obligation – current portion (Note 5)	\$ 129,628	\$ -
Accounts payable and accrued liabilities (Note 7)	390,573	558,665
	520,201	558,665
Lease obligation (Note 5)	78,042	-
<b>Shareholders' equity</b>		
Share capital (Note 8)	11,452,800	3,297,496
Reserves (Note 8c)	940,220	340,640
Deficit	(4,516,651)	(2,420,108)
	7,876,369	1,218,028
	\$ 8,474,612	\$ 1,776,693

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 12)

Approved and authorized by the Board on April 29, 2025:

\_\_\_\_\_  
*“Navin Varshney”* Director  
Navin Varshney

\_\_\_\_\_  
*“Zachary Kotowych”* Director  
Zachary Kotowych

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

**TROUBADOUR RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	<b>Year ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>EXPENSES</b>		
Amortization (Note 5)	\$ 21,952	\$ -
Consulting fees (Note 7)	847,353	120,000
Management fees (Note 7)	100,000	-
Filing and transfer agent fees	46,173	16,431
Shareholder communications	652,138	2,484
Interest and bank charges	3,180	221
Office and administration (Note 7)	92,136	22,439
Professional fees (Note 7)	102,665	60,786
Rent (Note 7)	5,635	21,600
Share-based payments (Note 8d)	205,157	-
Travel and entertainment	28,045	-
	(2,104,434)	(243,961)
Loss on foreign exchange	(1,239)	-
Other income	9,130	1,515
<b>Loss and comprehensive loss for the year</b>	<b>\$ (2,096,543)</b>	<b>\$ (242,446)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.05)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>39,039,099</b>	<b>15,116,134</b>

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

**TROUBADOUR RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (2,096,543)	\$ (242,446)
Non-cash items:		
Share-based payments	205,157	-
Accretion on lease	728	-
ROU asset amortization	21,952	-
Non-cash working capital item changes:		
Receivables	(237,549)	(237)
Prepaid expenses	(426,599)	-
Accounts payable and accrued liabilities	(247,263)	198,659
Net cash used in operating activities	<u>(2,780,117)</u>	<u>(44,024)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and acquisition of mineral properties	(1,027,946)	6,977
Cash acquired on Greenflame acquisition	84,223	-
Net cash (used) provided from investing activities	<u>(943,723)</u>	<u>6,977</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease payments	(45,510)	-
Proceeds from the issuance of share capital	4,455,000	-
Share issue costs	(310,273)	-
Net cash provided from financing activities	<u>4,099,217</u>	<u>-</u>
<b>Change in cash and cash equivalents for the year</b>	<b>375,377</b>	<b>(37,047)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>48,920</b>	<b>85,967</b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 424,297</u></b>	<b><u>\$ 48,920</u></b>
<b>SUPPLEMENTAL NON-CASH DISCLOSURES</b>		
Finders warrants issued	\$ 430,572	\$ -
Recognized new IFRS 16 lease	229,537	-
Shares issued for E&E assets	4,405,000	-

No cash was paid for interest or taxes for the years ended December 31, 2024 and 2023.

As at December 31, 2024, \$5,679 (2023 - \$4,748) was accrued in mineral property costs through accounts payable and accrued liabilities.

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

**TROUBADOUR RESOURCES INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

	Share Capital (Note 8)				Total Shareholders' Equity
	Shares	Amount	Reserves	Deficit	
<b>Balance, December 31, 2022</b>	15,116,134	\$ 3,297,496	\$ 340,640	\$ (2,177,662)	\$ 1,460,474
Loss for the year	-	-	-	(242,446)	(242,446)
<b>Balance, December 31, 2023</b>	15,116,134	\$ 3,297,496	\$ 340,640	\$ (2,420,108)	\$ 1,218,028
<b>Balance, December 31, 2023</b>	15,116,134	\$ 3,297,496	\$ 340,640	\$ (2,420,108)	\$ 1,218,028
Shares issued for mineral property acquisition (Note 8b)	20,500,000	4,405,000	-	-	4,405,000
Flow through private placement (Note 8b)	4,304,760	904,000	-	-	904,000
Shares issued for UNIT financing (Note 8b)	20,442,000	2,555,250	-	-	2,555,250
Shares issued for LIFE financing (Note 8b)	7,558,000	944,750	-	-	944,750
Share issue costs (Note 8b)	-	(740,845)	430,572	-	(310,273)
Stock options exercised (Note 8d)	600,000	87,149	(36,149)	-	51,000
Share-based payments (Note 8d)	-	-	205,157	-	205,157
Loss for the year	-	-	-	(2,096,543)	(2,096,543)
<b>Balance, December 31, 2024</b>	68,520,894	\$ 11,452,800	\$ 940,220	\$ (4,516,651)	\$ 7,876,369

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Troubadour Resources Inc. (the “Company”) was incorporated in Canada under the British Columbia Corporations Act on March 22, 2012. The Company is principally engaged in the acquisition and exploration of mineral properties. The Company’s shares are publicly traded on the TSX Venture Exchange (the “TSXV”) under the symbol TR and on the OTCQB Venture Market under the ticker symbol “TROUF”. The Company’s head office address is Suite 1245 – 200 Granville Street, Vancouver BC, V6C 2S4, Canada. The registered and records office address is 6th Floor, 905 W Pender Street, Vancouver, BC V6C 1L6, Canada.

The Company is in the exploration stage and engages principally in the acquisition and exploration of mineral properties. The recoverability of the amounts shown for mineral properties is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

## **2. BASIS OF PREPARATION**

### **Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary, Greenflame Metals Inc., which was acquired on September 25, 2024. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

### **Statement of compliance**

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### **Use of estimates and critical judgments**

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures

incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

The determination of income tax is inherently complex and requires making certain judgments about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities, which are measured per IAS 12 (Income Taxes). Changes in fair values after the acquisition date are adjusted against the acquisition cost if they qualify as measurement period adjustments. The measurement period spans from the acquisition date to when significant information to determine fair values is available, not exceeding 12 months. Changes beyond this period are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation requires estimating the fair value of identifiable assets (including intangible assets) and liabilities (including contingent consideration). Valuation techniques, often involving discounted future net cash flows, are used. These rely on assumptions about asset performance and discount rates. Acquisition-related costs are recorded as incurred in the consolidated statements of comprehensive loss.

Management assesses if the assets and liabilities constitute a business per IFRS 3 (Business Combinations). A business includes inputs and processes capable of producing outputs. During the year ended December 31, 2024, a transaction was completed but deemed not to qualify as a business combination under IFRS 3.

#### **Financial instruments**

##### Financial assets

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

*Fair value through profit or loss ("FVTPL")* - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit and loss.

*Amortized cost* – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash and cash equivalents, receivables and reclamation deposit are recorded at amortized cost.

##### *Impairment of financial assets*

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit and loss.

*Amortized cost*: This category includes accounts payables and accrued liabilities, and lease obligations which are recognized at amortized cost.

### **Valuation of equity units issued in private placements**

When determining the fair value of equity units issued in private placements, the fair value of the common shares issued in private placements is determined to be the more easily measurable component and is valued at fair value, as determined by the closing quoted bid price on the closing date. The balance, if any, is allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments that may be redeemed at any time or with a term to maturity at the date of purchase of 90 days or less which are subject to an immaterial risk of change in value.

### **Exploration and evaluation - mineral properties**

Pre-exploration costs are expensed as incurred. Costs related to the acquisition of mineral properties and the exploration of mineral properties are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication

that those assets may be impaired. If 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 profit or 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Decommissioning provision**

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

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

#### **Share-based payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

#### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for

consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee;
- d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

### **Income taxes**

Income tax expense 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. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

**Flow-through shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. A premium liability is recognized for the share price premium, if any, paid by investors when acquiring the flow-through shares. The premium liability is reduced and other income is recognized at the time the eligible expenditures are incurred presuming management intends to retrospectively renounce the tax deductions.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a period of up to two-years.

**IAS 1 Presentation of Financial Statements**

In October 2022, IAS 1 was amended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024 and has been adopted by the Company.

**IFRS 18 Presentation and Disclosure in the Financial Statements**

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements, to replace IAS 1, Presentation of Financial Statements. This new standard sets out requirements for the presentation and disclosure of information in financial statements, including:

- a) classifying all income and expense into specified categories and provide specified totals and subtotals in the statement of income or loss,
- b) how information is aggregated or disaggregated, and
- c) the disclosure of management-defined performance measures.

Retrospective application of this standard is mandatory for annual periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed. The Company has not applied this standard in preparing these consolidated financial statements as it plans to adopt the standard at its effective date. As at December 31, 2024, the impact of adopting this standard on the consolidated financial statements is currently under assessment.

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents of \$424,297 (2023 - \$48,920) consist of:

	December 31, 2024	December 31, 2023
Bank balances	\$ 113,825	\$ 48,920
Short term deposits	310,472	-
	<b>\$ 424,297</b>	<b>\$ 48,920</b>

**5. LEASES**

As at December 31, 2024 the Company had a lease arrangement for its office premises. The Company paid \$22,915 (2023 - \$nil) as a security deposit to obtain the lease. This deposit is applied toward the lease payments for the final two months of the lease term. Fair value of the right-of-use (ROU) asset and lease obligation were determined by discounting future lease payments at incremental borrowing rates which averaged 4%, applicable on the date of acquisition. The ROU asset is amortized on a straight-line basis over the full lease term. However, the lease liability has been recognized net of the security deposit amount and is amortized over the remaining months, consistent with

**TROUBADOUR RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in Canadian Dollars)

the expected outflow of cash for lease payments. The summary of the Company's right-of-use asset and lease liabilities is as follows:

**Right-of-use assets**

*Cost*

Balance, December 31, 2022 and 2023	\$ -
Additions	252,452
<b>Balance, December 31, 2024</b>	<b>\$ 252,452</b>

*Accumulated Amortization*

Balance, December 31, 2022 and 2023	\$ -
Amortization	(21,952)
<b>Balance, December 31, 2024</b>	<b>\$ (21,952)</b>

Net book value as at December 31, 2022 and 2023	\$ -
<b>Net book value as at December 31, 2024</b>	<b>\$ 230,500</b>

**Lease liability**

Balance, December 31, 2022 and 2023	\$ -
Additions	229,537
Interest expense	728
Lease payments	(22,595)
<b>Balance, December 31, 2024</b>	<b>\$ 207,670</b>
Current portion of lease liabilities	\$ 129,628
Non-current portion of lease liabilities	78,042
<b>Balance, December 31, 2024</b>	<b>\$ 207,670</b>

As at December 31, 2024, the future minimum lease payments were payable as follows:

Less than 1 year	\$ 135,575
More than 1 year	79,085
<b>Total</b>	<b>\$ 214,660</b>

**6. MINERAL PROPERTIES**

As at December 31, 2024, the Company held \$16,850 (2023 - \$16,850) in deposits with a financial institution as security for reclamation requirements.

*Amarillo Property, BC*

The Company owns a 100% interest in certain claims located in the Osoyoos Mining District, British Columbia, comprising the Amarillo property. The seller retains a 1.5% Net Smelter Returns ("NSR") royalty, of which the Company may purchase 1.0% for a payment of \$1,000,000.

*Texas Property, BC*

The Company owns a 100% interest in certain claims located in the Greenwood Mining District in Southern British Columbia, comprising the Texas Property. The seller retains a 1.5% NSR royalty, of which the Company may purchase 1.0% for a payment of \$1,000,000.

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Canadian Dollars)

*Monarch Uranium Property, Nunavut*

The Company owns a 100% interest in certain claims in the Thelon Basin in the Territory of Nunavut comprising the Monarch property. The seller retains a 2% NSR royalty. The transaction was completed during the year ended December 31, 2024, through payment of \$35,000 and the issuance of 5,500,000 common shares (issued - Note 8b).

*Senneville Project, Quebec*

On May 21, 2024, the Company entered into an option agreement to earn a 100% interest in mineral claims comprising the Senneville Project, located in the eastern part of the Abitibi Greenstone Belt, Quebec. Pursuant to the option agreement, the Company may acquire a 100% interest in the property by issuing 5,000,000 common shares and incurring \$2,000,000 in work expenditures as follows:

- Within five days of exchange approval: issue 2,500,000 common shares (issued – Note 8b);
- Within six-months of signing: issue 2,500,000 common shares (issued – Note 8b); and
- Within 24-months of signing: incur an aggregate of \$2,000,000 in work expenditures

The project has the following NSR which will be assumed by the Company:

- 2% NSR to North American Exploration Ltd. for certain claims
- 2% NSR to Silverwater Capital Corp. for certain claims
- 2% NSR to Terrance Coyle / 9093-6725 Quebec Inc. for certain claims

*Senneterre Mineral Claims, Quebec*

The Company acquired a 100% interest in mineral claims located in Senneterre, Quebec (the "Property"). The claims were acquired as part of a share exchange agreement (the "Share Exchange Agreement") entered into on September 25, 2024 with Greenflame Metals Inc. ("Greenflame") and the shareholders of Greenflame (the "Shareholders"). Under the terms of the Share Exchange Agreement, the Company acquired all of the issued and outstanding common shares of Greenflame (the "Greenflame Shares") from the Shareholders in exchange for 10,000,000 common shares of the Company (the "Exchange"). Greenflame held 100% ownership interest in the Property, free of any liens, charges, encumbrances, or outstanding taxes.

The acquisition of Greenflame did not meet the definition of a business combination and has therefore been accounted for as an asset purchase of mineral property interests, with the Company acquiring the outstanding shares of Greenflame on September 25, 2024. The fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed are as follows:

<b>Purchase Price</b>	
10,000,000 common shares of the Company issued	\$ 2,950,000
<b>Net Assets acquired</b>	
Bank balance	\$ 84,223
Exploration and evaluation assets	2,944,017
Accounts payable	(78,240)
	<b>\$ 2,950,000</b>

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Canadian Dollars)

During the year ended December 31, 2024, the Company incurred the following in relation to mineral properties:

	<b>Amarillo Property</b>	<b>Texas Property</b>	<b>Monarch Property</b>	<b>Senneville Project</b>	<b>Senneterre Project</b>	<b>Total</b>
<i>Acquisition Costs</i>						
Balance, December 31, 2022 and 2023	\$ 66,202	\$ 271,307	\$ -	\$ -	\$ -	\$ 337,509
Additions	-	-	502,500	987,500	2,944,017	4,434,017
Balance, December 31, 2024	\$ 66,202	\$ 271,307	\$ 502,500	\$ 987,500	\$ 2,944,017	\$ 4,771,526
<i>Exploration Advance</i>						
Balance, December 31, 2022 and 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	-	-	586,642	-	586,642
Balance, December 31, 2024	\$ -	\$ -	\$ -	\$ 586,642	\$ -	\$ 586,642
<i>Exploration Costs</i>						
Balance, December 31, 2022 and 2023	\$ 914,989	\$ 450,257	\$ -	\$ -	\$ -	\$ 1,365,246
Assays	-	828	-	-	-	828
Claim management	-	925	-	3,674	-	4,599
Field expenditures	-	13,199	-	383,358	-	396,556
Legal expenses	-	-	-	5,251	-	5,251
Total Additions	-	14,952	-	392,283	-	407,234
Total, December 31, 2024	\$ 981,191	\$ 736,516	\$ 502,500	\$ 1,966,425	\$ 2,944,017	\$ 7,130,649

During the year ended December 31, 2023, the Company incurred the following in relation to mineral properties:

	<b>Amarillo Property</b>	<b>Texas Property</b>	<b>Total</b>
<i>Acquisition Costs</i>			
Balance, December 31, 2022 and 2023	\$ 66,202	\$ 271,307	\$ 337,509
<i>Exploration Costs</i>			
Balance, December 31, 2022	915,385	456,838	1,372,223
BC Mining Exploration Tax Credit	(396)	(6,581)	(6,977)
Balance, December 31, 2023	914,989	450,257	1,365,246
Total, December 31, 2023	\$ 981,191	\$ 721,564	\$ 1,702,755

**7. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2024, the Company paid or accrued \$nil (2023 - \$21,600) included in rent expense recognized in loss and comprehensive loss to a company related to two officers of the Company. Included in accounts payable and accrued liabilities as at December 31, 2024 was \$84,335 (2023 - \$548,117) payable to companies controlled by directors and officers of the Company.

Key management personnel consist of directors and senior management including the Chief Executive Officer, and Chief Financial Officer. During the year ended December 31, 2024, the Company paid or accrued, to key management personnel and their related companies:

**TROUBADOUR RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in Canadian Dollars)

	<b>Professional fees</b>	<b>Management fees</b>	<b>Total</b>
Chief Executive Officer (CEO)	\$ -	\$ 50,000	\$ 50,000
Director, Former Interim CEO	-	50,000	50,000
Former Chief Financial Officer	20,000	-	20,000
Chief Financial Officer	20,500	-	20,500
<b>Total</b>	<b>\$ 40,500</b>	<b>\$ 100,000</b>	<b>\$ 140,500</b>

During the year ended December 31, 2024, \$20,000 (2023 - \$nil) in office and administration expenses was paid or accrued to the spouse of a Director.

During the year ended December 31, 2023, the Company paid or accrued, to key management personnel and their related companies:

	<b>Professional fees</b>	<b>Consulting fees</b>	<b>Total</b>
Former Chief Executive Officer	\$ -	\$ 30,000	\$ 30,000
Former President	-	90,000	90,000
Former Chief Financial Officer	30,000	-	30,000
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 120,000</b>	<b>\$ 150,000</b>

## 8. SHAREHOLDERS' EQUITY

### a) Authorized

An unlimited number of common shares without par value.

### b) Issued share capital

During the year ended December 31, 2024, the Company:

- i) Issued 5,500,000 common shares with a fair value of \$467,500 on the acquisition of the Monarch Uranium Property (Note 6).
- ii) Issued 2,500,000 common shares with a fair value of \$412,500 pursuant to the Senneville Project option agreement (Note 6).
- iii) Issued 2,500,000 common shares with a fair value of \$575,000 pursuant to the Senneville Project option agreement (Note 6).
- iv) Issued 10,000,000 common shares in connection with the acquisition of Greenflame valued at \$2,950,000 (Note 6).
- v) Closed a Listed Issuer Financing Exemption ("LIFE") offering by issuing 7,558,000 common shares of the Company at a price of \$0.125 per share for total proceeds of \$944,750. In connection with the offering, the Company paid finders' fees of \$60,468 and issued 529,060 finders' warrants exercisable for a period of two years at a price of \$0.175. The finders' warrants were valued at \$109,108 using the Black Scholes option pricing model assuming a life expectancy of 2 years, a risk-free interest rate of 3.70%, a forfeiture and dividend rate of nil, and volatility of 150.50%.
- vi) Closed a unit private placement by issuing 20,442,000 units of the Company a price of \$0.125 per unit for total proceeds of \$2,555,250. Each unit is comprised of one common share and one-half of one transferable share

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Canadian Dollars)

purchase warrant with each whole warrant entitling the holder to purchase an additional share at a price of \$0.175 for a period of two years. In connection with the private placement the Company paid finders' fees of \$167,370 and issued 1,428,440 finders' warrants exercisable for a period of two years at a price of \$0.175. The finders' warrants were valued at \$294,587 using the Black Scholes option pricing model assuming a life expectancy of 2 years, a risk-free interest rate of 3.70%, a forfeiture and dividend rate of nil, and volatility of 150.50%.

vii) Closed a flow-through private placement by issuing 4,304,760 flow-through shares at a price of \$0.21 per share for gross proceeds of \$904,000. No flow-through premium liability was recognized. In connection with the offering, the Company paid finders' fees of \$35,280 and issued 168,000 finders' warrants exercisable for a period of two years at a price of \$0.21. The finders' warrants were valued at \$26,879 using the Black Scholes option pricing model assuming a life expectancy of 2 years, a risk-free interest rate of 3.31%, a forfeiture and dividend rate of nil, and volatility of 150.03%.

viii) Issued 600,000 common shares with a fair value of \$87,149 pursuant to the exercise of stock options.

The Company did not issue any shares during the year ended December 31, 2023.

**c) Warrants**

The following is a summary of warrants outstanding as at December 31, 2024 and December 31, 2023 and changes during the years then ended:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2022 and 2023	167,500	\$ 0.25
Expired	(167,500)	0.25
Issued	12,346,500	0.18
Balance, December 31, 2024	12,346,500	\$ 0.18

As at December 31, 2024, the following warrants were outstanding:

	Number	Exercise price	Expiry date
Warrants	10,221,000	\$ 0.175	July 18, 2026
Finder warrants	1,957,500	0.175	July 18, 2026
Finder warrants	168,000	0.210	August 7, 2026
	12,346,500		

**d) Stock options**

On September 25, 2017, the Company adopted a stock option plan. The stock option plan provides that, subject to the requirement of the TSXV, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares which may be reserved for issuance on a yearly basis to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued shares calculated at the time of grant. All options granted under the stock option plan will expire no later than the date that is ten years from the date that such options are granted.

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Canadian Dollars)

During the year ended December 31, 2024, the Company granted 4,790,000 (December 31, 2023 – nil) stock options with a weighted average fair value of \$0.10 (December 31, 2023 - \$nil). Total share-based payments recognized in the statement of loss and comprehensive loss for the year ended December 31, 2024, was \$205,157 (2023 - \$nil) related to options granted and vested.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Risk-free interest rate	3.49%	N/A
Expected life of option	2 years	N/A
Expected annualized volatility	148.07%	N/A
Expected dividend rate	0.00%	N/A

The following is a summary of stock options outstanding as at December 31, 2024 and December 31, 2023 and changes during the years then ended:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2022	1,180,000	\$ 0.15
Expired	(580,000)	0.16
Balance, December 31, 2023	600,000	\$ 0.13
Granted	4,790,000	0.10
Cancelled/Expired	(520,000)	0.14
Exercised	(600,000)	0.09
Balance, December 31, 2024	4,270,000	\$ 0.10

As at December 31, 2024 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable	Exercise Price	Expiry Date
80,000	80,000	\$ 0.125	February 27, 2025
1,340,000	1,340,000	0.200	April 2, 2026
150,000	150,000	0.175	July 2, 2026
2,700,000	2,700,000	0.050	December 11, 2026
4,270,000	4,270,000		

**9. SEGMENT INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in one geographical location, being Canada.

**10. FINANCIAL AND CAPITAL RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is

significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, receivables, reclamation bond, accounts payable and accrued liabilities, and lease obligations approximates fair value due to the short-term nature of the financial instruments. Cash and cash equivalents, receivables, reclamation bond, accounts payable and accrued liabilities, and lease obligations are carried at amortized cost.

### **Risk management**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents and reclamation bond are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable from the government of Canada and the Company considers credit risk associated with these amounts to be low.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

#### *Market risk*

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

##### a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at December 31, 2024, the Company is not exposed to significant interest rate risk.

##### b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Canadian Dollars)

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

*Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**11. INCOME TAXES**

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Loss before income taxes	\$ (2,096,543)	\$ (242,446)
Expected income tax (recovery)	(566,000)	(65,000)
Permanent differences	57,000	-
Impact of flow-through shares	244,000	-
Share issue cost	(81,000)	-
Adjustment to prior years provision versus statutory returns	(2,000)	(42,000)
Impact of acquisition	(39,000)	-
Change in unrecognized deductible temporary differences	387,000	107,000
Income tax recovery	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2024	Expiry Date Range	2023
Share issue costs	\$ 239,000	2024-2048	\$ -
Non-capital losses	2,855,000	2032-2043	1,660,000
	\$ 3,094,000		\$ 1,660,000

**12. SUBSEQUENT EVENTS**

Subsequent to the year ended December 31, 2024:

**TROUBADOUR RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in Canadian Dollars)

---

- a) Pursuant to the revised debt settlement board resolution dated November 8, 2024, the Company satisfied \$185,722 of outstanding debt through the issuance of 1,547,680 common shares (the “Settlement Shares”).
- b) On January 2, 2025, 970,000 stock options exercisable at \$0.20 granted to consultants were cancelled.
- c) The Company granted stock options to consultants to acquire 3,550,000 common shares exercisable at \$0.035 expiring January 21, 2027.
- d) The Company granted stock options to consultants to acquire 400,000 common shares exercisable at \$0.05 expiring February 19, 2027.
- e) On February 19, 2025, 370,000 stock options exercisable at \$0.20 granted to consultants were cancelled.
- f) On February 27, 2025, 80,000 stock options exercisable at \$0.125 granted to consultants expired unexercised.
- g) On April 17, 2025, the Company appointed Zachary Kotowych as CEO, Corporate Secretary, Director, and member of the Audit Committee and announced the resignation of Christopher Huggins as CEO, Corporate Secretary and Director of the Company.