



## **INNOVATION MINING INC.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**  
*(Expressed in Canadian dollars)*

## **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of Innovation Mining Inc. for the three and nine months ended September 30, 2025 and 2024 have been prepared by management and approved by the Board of Directors of the Company.

As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these unaudited condensed interim financial statements.

**INNOVATION MINING INC.**

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars

	Note	As at September 30, 2025	As at December 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 59,953	\$ 360,177
Restricted cash	8	2,843,281	-
Receivables and other	4, 9	209,052	190,451
		3,112,286	550,628
<b>Non-current assets</b>			
Property and equipment	5	130,794	148,844
<b>Total assets</b>		<b>\$ 3,243,080</b>	<b>\$ 699,472</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6, 9	\$ 557,602	\$ 246,319
Lease obligations	7	22,674	13,169
		580,276	259,488
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	7,217,016	3,549,153
Other reserves	8	827,021	401,498
Deficit		(5,381,233)	(3,510,667)
		2,662,804	439,984
<b>Total liabilities and shareholders' equity</b>		<b>\$ 3,243,080</b>	<b>\$ 699,472</b>
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors:

*"Duane Nelson"*Duane Nelson  
Chief Executive Officer ("CEO") and Director*"Darryl Yea"*Darryl Yea  
Director*The accompanying notes are an integral part of these condensed interim financial statements.*

## INNOVATION MINING INC.

### CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian dollars, except for share data

	Note	For the three months ended		For the nine months ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<b>Administrative expenses</b>					
Salaries and benefits	9	\$ 174,488	\$ 171,618	\$ 536,820	\$ 471,974
Professional fees		133,907	38,795	342,212	196,161
Investor relations and marketing	9	99,930	68,111	293,819	386,564
Travel expenses		88,148	54,010	142,175	141,926
Management and consulting fees	9	35,439	38,000	131,997	113,998
General and administrative		20,154	31,197	60,624	73,587
Depreciation	5	18,721	19,814	58,345	58,591
Shareholder information		16,747	1,243	23,177	5,696
Listing and filing fees		5,440	790	8,192	3,017
Insurance		2,018	859	3,791	2,532
<b>Total administrative expenses</b>		<b>594,992</b>	<b>424,437</b>	<b>1,601,152</b>	<b>1,454,046</b>
Research and development	9	112,282	22,771	246,475	59,215
Mineral project investigation costs		-	-	18,636	21,742
<b>Operating loss</b>		<b>(707,274)</b>	<b>(447,208)</b>	<b>(1,866,263)</b>	<b>(1,535,003)</b>
Interest expense		(2,137)	(803)	(6,577)	(3,117)
Foreign exchange (loss) gain		(962)	1,391	(1,837)	5,456
Gain (loss) on sale of property and equipment	5	(153)	-	1,147	-
Interest income		1,840	996	2,964	10,996
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (708,686)</b>	<b>\$ (445,624)</b>	<b>\$ (1,870,566)</b>	<b>\$ (1,521,668)</b>
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average number of shares outstanding	8	53,160,715	45,270,918	50,572,145	44,726,264

*The accompanying notes are an integral part of these condensed interim financial statements.*

**INNOVATION MINING INC.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

Unaudited - Expressed in Canadian dollars

		For the nine months ended	
	Note	September 30, 2025	September 30, 2024
<b>Cash flows used in operating activities</b>			
Net loss for the period		\$ (1,870,566)	\$ (1,521,668)
Items not affecting cash:			
Depreciation	5	58,345	58,591
Gain on sale of property and equipment	5	(1,147)	-
Interest expense (income), net		(190)	(7,879)
Unrealized foreign exchange loss		867	4,319
Changes in non-cash working capital items:			
Receivables and other		11,030	78,067
Accounts payable and accrued liabilities		280,123	(25,363)
Net cash used in operating activities		(1,521,538)	(1,413,933)
<b>Cash flows generated by (used in) investing activities</b>			
Deposit for Royal Vindicator Mine		-	(70,720)
Interest received		2,964	10,996
Proceeds from sale of property and equipment	5	2,150	-
Purchase of property and equipment		(1,950)	(23,663)
Net cash generated by (used in) investing activities		3,164	(83,387)
<b>Cash flows generated by financing activities</b>			
Payment of lease obligations	7	(30,263)	(29,724)
Proceeds from private placements	4, 8	1,358,712	620,500
Proceeds from private placement - shares to be issued	8	-	75,000
Share issuance costs	8	(110,357)	(63,500)
Net cash generated by financing activities		1,218,092	602,276
<b>Decrease in cash and cash equivalents for the period</b>		<b>(300,282)</b>	<b>(895,044)</b>
Cash and cash equivalents, beginning of period		360,177	977,671
Effect of foreign exchange rate changes on cash and cash equivalents		58	(4,136)
<b>Cash and cash equivalents, end of period</b>		<b>\$ 59,953</b>	<b>\$ 78,491</b>
Supplemental cash flow information	10		

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

**INNOVATION MINING INC.**

## CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	Deficit	Total
Balance - December 31, 2023		43,051,698	\$ 2,316,211	\$ 9,990	\$ (1,176,686)	\$ 1,149,515
Private placements	8	2,421,750	546,710	73,790	-	620,500
Private placements - shares to be issued	8	-	75,000	-	-	75,000
Share issuance costs	8	-	(63,321)	(7,379)	-	(70,700)
Share issuance costs - brokers warrants	8	-	(8,603)	8,603	-	-
Loss for the period		-	-	-	(1,521,668)	(1,521,668)
Balance - September 30, 2024		45,473,448	\$ 2,865,997	\$ 85,004	\$ (2,698,354)	\$ 252,647
Balance - December 31, 2024		48,336,762	\$ 3,549,153	\$ 401,498	\$ (3,510,667)	\$ 439,984
Private placements	8	4,650,928	875,121	433,591	-	1,308,712
Private placements - subscription receipts	8	-	2,843,281	-	-	2,843,281
Share issuance costs	8	-	(72,608)	(35,999)	-	(108,607)
Share issuance costs - brokers warrants	8	-	(11,391)	11,391	-	-
Units issued for settlement of accounts payable	8	177,691	33,460	16,540	-	50,000
Loss for the period		-	-	-	(1,870,566)	(1,870,566)
Balance - September 30, 2025		53,165,381	\$ 7,217,016	\$ 827,021	\$ (5,381,233)	\$ 2,662,804

*The accompanying notes are an integral part of these condensed interim financial statements.*



## INNOVATION MINING INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

### 1. NATURE OF OPERATIONS AND GOING CONCERN

#### (a) Nature of operations

Innovation Mining Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on October 6, 2022 under the name “Dynavat Gold Mining Technologies Inc.” and changed its name to “Innovation Mining Inc.” on August 31, 2023. The Company’s corporate head office is 119 – 998 Harbourside Drive, North Vancouver, British Columbia (“BC”), Canada V7P 3T2.

The Company is a clean-tech company that has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. The Company is focused on the continued research and development of its formula, including validation through industrial tests, after which full commercialization efforts will begin.

#### (b) Going concern assumption

These condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from September 30, 2025. For the nine months ended September 30, 2025, the Company incurred a net loss of \$1,870,566 and used cash in operating activities of \$1,521,538. As at September 30, 2025, the Company had cash and cash equivalents of \$59,953, a working capital (current assets less current liabilities) surplus of \$2,532,010 and an accumulated deficit of \$5,381,233.

Subsequent to September 30, 2025, on October 10, 2025, the Company completed the Transaction (defined below) with Torchlight Innovations Inc. (“Torchlight”) and commenced trading on the TSX Venture Exchange (“Exchange”) on October 22, 2025 under the symbol “RZL”.

The Company has incurred losses, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to adjust its business plans.

The above factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these condensed interim financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the statement of financial position classifications. Such adjustments could be material.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Statement of compliance and basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards and IAS as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”).

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

The Company's material accounting policies applied in these condensed interim financial statements are the same as those disclosed in Note 3 of the Company's audited annual financial statements for the year ended December 31, 2024 and 2023. These condensed interim financial statements should be read in conjunction with the Company's most recent audited annual financial statements.

The functional currency of the Company is the Canadian dollar ("CAD"). The presentation currency of the condensed interim financial statements is CAD. References to "US\$" or "USD" are to United States dollars.

On September 25, 2025, pursuant to the Amalgamation Agreement (refer to note 3), the Company completed a share split on a 1:1.24 basis. All references to the numbers of shares, share options, warrants and per share amounts have been retroactively restated to reflect the share split.

These condensed interim financial statements were authorized for issuance by the Board of Directors on November 26, 2025.

### **(b) Critical accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the condensed interim financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

#### *Key instances of accounting policy judgment*

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue research and development of its technology and meet working capital requirements, the outcome of which is uncertain (refer to note 1b).

#### *Estimation uncertainty*

- The determination of the fair value of a common share and common share purchase warrant associated with the unit offering issued by the Company (refer to note 8a).
- The determination of the fair value of share options and broker warrants issued by the Company (refer to note 8b and 8c).

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

### **(c) New accounting standards and recent pronouncements**

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.
- In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

## **3. AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC.**

On April 11, 2025, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Torchlight and 1535261 BC Ltd. (“Subco”), a wholly owned subsidiary of Torchlight pursuant to which Torchlight will, by way of a “three-cornered amalgamation,” acquire all of the issued and outstanding securities of the Company (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the “Transaction”).

The Transaction constituted Torchlight’s “Qualifying Transaction” in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (“Policy 2.4”). Torchlight, after giving effect to the Transaction and upon receiving final approval from the Exchange, will hereinafter be referred to as the “Resulting Issuer”.

Subsequent to September 30, 2025, on October 10, 2025, the Transaction closed with the filing of the Exchange Filing Statement and on October 20, 2025, final Exchange approval was received.

**INNOVATION MINING INC.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

**3. AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC. (Continued)**

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, the Company amalgamated with Subco pursuant to the provisions of the BCBCA (the "Amalgamation"). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by the shareholders of the Company at a meeting of shareholders on August 7, 2025.

On September 19, 2025, the Company completed a share split on a 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "Share Split"). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to the Company shareholders for every one (1) common share of the Company held. Outstanding options, warrants and broker warrants of the Company will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, on September 25, 2025, the Company completed a non-brokered private placement of 5,686,562 subscription receipts (each a "Subscription Receipt") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the "SR Financing"). Each Subscription Receipt will be exchanged for one common share (a "Share") in the capital of the Company and one common share purchase warrant of the Company (a "Warrant") (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Company Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

Finder's fees will be paid in connection with the SR Financing upon close of the Transaction. Finder's fees associated with the SR Financing included \$177,180 in cash (paid on October 15, 2025) and the issuance of 370,360 broker warrants (issued on October 10, 2025).

In connection with the Transaction, on October 10, 2025, Torchlight consolidated its common shares on a 1.923:1 basis (the "Consolidation").

No finder's fee is payable in connection with the Transaction. There are no common control persons of both Torchlight and the Company. The Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the Exchange and applicable securities laws.

Subsequent to September 30, 2025, on November 10, 2025, Torchlight changed its name from "Torchlight Innovations Inc." to "RZOLV Technologies Inc."

**4. RECEIVABLES AND OTHER**

	September 30, 2025	December 31, 2024
Prepaid expenses and deposits	\$ 191,683	\$ 123,904
Goods and services tax receivables	17,369	16,547
Subscription receivable	-	50,000
	\$ 209,052	\$ 190,451

The subscription receivable was received on January 27, 2025.

## 5. PROPERTY AND EQUIPMENT

	Property and equipment	Right-of-use ("ROU") asset	Total
<b>Cost</b>			
Balance - December 31, 2023	\$ 189,167	\$ 67,424	\$ 256,591
Additions	13,233	-	13,233
Balance - December 31, 2024	\$ 202,400	\$ 67,424	\$ 269,824
Additions	4,304	36,994	41,298
Disposals	(2,535)	-	(2,535)
Balance - September 30, 2025	\$ 204,169	\$ 104,418	\$ 308,587
<b>Accumulated depreciation</b>			
Balance - December 31, 2023	\$ 20,099	\$ 22,475	\$ 42,574
Depreciation	44,694	33,712	78,406
Balance - December 31, 2024	64,793	56,187	120,980
Depreciation	31,311	27,034	58,345
Disposals	(1,532)	-	(1,532)
Balance - September 30, 2025	\$ 94,572	\$ 83,221	\$ 177,793
<b>Net book value - December 31, 2024</b>	<b>137,607</b>	<b>11,237</b>	<b>148,844</b>
<b>Net book value - September 30, 2025</b>	<b>\$ 109,597</b>	<b>\$ 21,197</b>	<b>\$ 130,794</b>

Property and equipment includes lab and office equipment and information technology hardware.

The ROU asset relates to the Company's corporate head office and lab which is depreciated over the term of the lease agreement (refer to note 7).

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2025	December 31, 2024
Trade payables	\$ 427,231	\$ 147,573
Accrued liabilities	101,192	97,352
Payroll liabilities	29,179	1,394
	\$ 557,602	\$ 246,319

## 7. LEASE OBLIGATIONS

As at September 30, 2025, the Company's lease obligations consisted of the following:

	September 30, 2025	December 31, 2024
Gross lease obligations - minimum lease payments		
1 year	\$ 23,538	\$ 13,450
	\$ 23,538	\$ 13,450
Future interest expense on lease obligations	(864)	(281)
Total lease obligations	\$ 22,674	\$ 13,169

## 7. LEASE OBLIGATIONS (Continued)

For the nine months ended September 30, 2025, interest expense on the lease obligations was \$2,774 (2024 – \$3,117). Total cash payments on lease obligation were \$30,263 (2024 – \$29,724).

On January 17, 2025, the Company extended the lease for its corporate office and lab for a period of one year, now expiring on April 30, 2026. To determine the adjustment to the ROU asset and lease obligation, the Company estimated its incremental borrowing rate to be 11.0% at extension of the lease agreement.

## 8. SHARE CAPITAL AND OTHER RESERVES

### (a) Share capital

At September 30, 2025, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

#### *SR Financing*

In connection with the Transaction (refer to note 3), on September 25, 2025, the Company completed a non-brokered private placement of 5,686,562 Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281. As at September 30, 2025, proceeds from the SR Financing were recorded as restricted cash. Each Subscription Receipt will be exchanged for one common share in the capital of the Company and one common share purchase warrant of the Company (exercisable at a price of \$0.75) prior to completion of the Transaction.

#### *Private placement – Unit offerings*

From April 3, 2025 to July 2, 2025, the Company completed seven tranches of a private placement of 4,650,928 units at a price of \$0.28 per unit for gross proceeds of \$1,308,712. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

On May 13, 2025, the Company issued 177,691 units at a price of \$0.28 per unit for the settlement of accounts payable and accrued liabilities in the amount of \$50,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

On September 10, 2024 and September 20, 2024, the Company received gross proceeds of \$25,000 and \$50,000, respectively, related to the second tranche of a private placement. As of September 30, 2024, the proceeds were recorded as shares to be issued within share capital. On October 2, 2024, the Company issued 186,576 units related to these received proceeds.

On July 29, 2024, the Company completed the first tranche of a private placement of 665,453 units at a price of \$0.40 per unit for gross proceeds of \$267,500. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.60 per common share for a period of two years from the date of issue.

**8. SHARE CAPITAL AND OTHER RESERVES (Continued)**

To determine the fair value of the components of the unit offering, the Company used the Black Scholes option pricing model with the following assumptions:

	For the nine months ended	
	September 30, 2025	September 30, 2024
Share price	\$ 0.19	\$ 0.29
Exercise price	\$ 0.40	\$ 0.60
Expected life	2.0 years	2.0 years
Expected volatility	127.23%	103.36%
Risk-free interest rate	2.64%	3.46%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Fair value of warrant	\$ 0.09	\$ 0.11

Expected volatility was estimated based on the volatilities of peer-group publicly-traded companies.

Using the residual method, the warrants were valued at \$450,131 (2024 – \$73,790). Total share issuance costs, including finders fees, associated with the private placement were \$119,998 (2024 – \$30,211) consisting of \$108,607 (2024 – \$26,750) in cash and \$11,391 (2024 – \$3,461) related to 160,000 (2024 – 25,001) broker warrants issued.

*Private placement*

On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,297 common shares were issued at \$0.20 per share for gross proceeds of \$353,000. Total share issuance costs, including finders fees, associated with the private placement were \$50,047 consisting of \$43,950 in cash and \$6,097 related to 60,325 broker warrants issued.

**(b) Share options**

The following table summarizes the changes in share options for the nine months ended September 30:

	2025		2024	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, January 1,	4,415,624	\$ 0.18	3,762,610	\$ 0.18
Granted	-	-	715,206	0.20
Forfeited	-	-	(62,192)	0.20
Outstanding, September 30,	4,415,624	\$ 0.18	4,415,624	\$ 0.18

## 8. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following table summarizes information about share options outstanding and exercisable at September 30, 2025:

Exercise prices	Number of share options outstanding	Share options outstanding		Share options exercisable	
		Weighted average exercise price	Weighted average years to expiry	Number of share options exercisable	Weighted average exercise price
\$0.01 - \$0.15	621,919	\$ 0.08	-	-	\$ -
\$0.16 - \$0.30	3,793,705	0.20	-	-	-
	4,415,624	\$ 0.18	-	-	\$ -

The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO.

The vesting schedule of the share options is as follows:

- 25% on the IPO date (or when regulatory escrow allows);
- 25% six months from the IPO date (or when regulatory escrow allows);
- 25% 12 months from the IPO date (or when regulatory escrow allows); and
- 25% 18 months from the IPO date (or when regulatory escrow allows).

The term of the share options is 5 years from the IPO date.

Due to uncertainty around the timing of the Company's IPO, for the nine months ended September 30, 2025 and 2024, no share-based compensation expense has been recorded in the condensed interim statement of loss and comprehensive loss.

### (c) Warrants

The following table summarizes the changes in warrants for the nine months ended September 30:

	2025		2024	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	3,768,750	\$ 401,498	98,760	\$ 9,990
Transactions during the period:				
Warrants issued -				
private placements	4,650,928	433,591	665,453	73,790
Warrants issued -				
settlement of accounts payable	177,691	16,540	-	-
Broker's warrants issued -				
private placement	160,000	11,391	85,326	9,558
Allocation of share issuance costs to warrants	-	(35,999)	-	(8,334)
Outstanding, September 30,	8,757,369	\$ 827,021	849,539	\$ 85,004

## 8. SHARE CAPITAL AND OTHER RESERVES (Continued)

At September 30, 2025, the weighted average exercise price for the outstanding warrants is \$0.48 (2024 – \$0.52).

Brokers warrants issued in connection with private placements were valued, net of share issuance costs, at \$11,391 (2024 – \$9,558) using the Black Scholes option pricing model. The following are the weighted average assumptions used to estimate the fair value of brokers warrants issued for the nine months ended September 30, 2025 and 2024 using the Black-Scholes option pricing model:

	For the nine months ended	
	September 30, 2025	September 30, 2024
Share price	\$ 0.19	\$ 0.23
Exercise price	\$ 0.28	\$ 0.26
Expected life	2.0 years	2.0 years
Expected volatility	127.35%	94.85%
Risk-free interest rate	2.65%	3.93%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Fair value of broker warrant	\$ 0.11	\$ 0.11

The Black-Scholes option pricing model for brokers warrants requires the input of subjective assumptions including the expected price volatility. Changes in these assumptions would have a significant impact on the fair value.

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Company's directors, advisory board members and officers including its CEO, Chief Technology Officer, Chief Financial Officer ("CFO"), Chief Innovation Officer ("CIO") and Corporate Secretary.

Directors and key management compensation:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Salaries and benefits	\$ 174,488	\$ 171,618	\$ 536,820	\$ 471,974
Management and consulting fees	35,439	38,000	111,997	113,998
	\$ 209,927	\$ 209,618	\$ 648,817	\$ 585,972

As at September 30, 2025, accounts payable and accrued liabilities includes \$53,758 (December 31, 2024 – \$9,061) owed to key management of the Company for transactions incurred in the normal course of business.

As at September 30, 2025, receivables and other includes \$27,143 (December 31, 2024 – \$27,143) advanced to the CEO of the Company for future salaries and benefits.

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

For the nine months ended September 30, 2025, the Company incurred \$66,997 (2024 – \$68,998) with P2 Gold Inc., a company with a common director and CFO, under a financial shared-services agreement. These expenditures are included in management and consulting fees in the condensed interim statement of loss and comprehensive loss.

For the nine months ended September 30, 2025, the Company incurred \$5,550 (2024 – \$5,720) with a family member of the CIO for contractual labour. These expenditures were expensed under research and development costs (2024 – investor relations and marketing and research and development costs) in the statement of loss and comprehensive loss.

For the nine months ended September 30, 2025, the Company incurred \$nil (2024 – \$1,395) with a family member of the CEO for social media marketing. These expenditures were expensed under investor relations and marketing in the statement of loss and comprehensive loss.

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital items included in property and equipment were as follows:

	For the nine months ended	
	September 30, 2025	September 30, 2024
Accounts payable and accrued liabilities	\$ (2,354)	\$ 10,430
Lease obligations	(36,994)	-
	\$ (39,348)	\$ 10,430

For the nine months ended September 30, 2025, the net change in non-cash working capital items included in share issuance costs is \$1,750 (2024 – (\$7,200)).

## 11. FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

#### (i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the condensed interim statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

The Company is exposed to currency risk through cash and cash equivalents and accounts payable and accrued liabilities which are denominated in USD.

## 11. FINANCIAL RISK MANAGEMENT (Continued)

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in USD, as of September 30, 2025, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	\$ 283	\$ (283)
Accounts payable and accrued liabilities	(3,650)	3,650

### (ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investment in cash and cash equivalents. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

The impact on pre-tax loss of a 1% change in variable interest rates on financial assets and liabilities, as of September 30, 2025, with all other variables held constant, would be nominal.

### (b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents.

The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

### (c) 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 by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Contractual undiscounted cash flow requirements for contractual obligations as at September 30, 2025 are as follows:

	1 year	2 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 557,602	\$ -	\$ -	\$ 557,602
Lease obligations	23,538	-	-	23,538
	\$ 581,140	\$ -	\$ -	\$ 581,140

## **11. FINANCIAL RISK MANAGEMENT (Continued)**

### **(d) Fair value estimation**

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within 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.

The carrying values of cash and cash equivalents, restricted cash, receivables and other, accounts payable and accrued liabilities and lease obligations approximate their fair values due to the short-term maturity of these financial instruments.