



# **GUNPOINT EXPLORATION LTD.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

(expressed in thousands of Canadian Dollars, unless otherwise noted)

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# Independent Auditor's Report

To the Shareholders of Gunpoint Exploration Ltd.

## Opinion

We have audited the consolidated financial statements of Gunpoint Exploration Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of operations and comprehensive loss, change in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

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

## **Other Information**

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements**

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The image shows a handwritten signature in black ink. The signature consists of a large, stylized letter 'D' followed by the letters 'MCL' in a similar style, and 'LLP' in smaller, more standard capital letters to the right.

**DMCL LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

April 20, 2026

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(\$000's)	Notes	As at December 31, 2025	As at December 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 3,807	\$ 788
Accounts receivable and prepaids		20	19
Investments	7	405	636
		<b>4,232</b>	1,443
<b>Non-current assets</b>			
Investment in mineral properties	8	5,989	5,611
Reclamation deposits	8	395	350
		<b>\$ 10,616</b>	<b>\$ 7,404</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 173	\$ 62
<b>Non-current liabilities</b>			
Reclamation obligation	8	388	337
<b>Total liabilities</b>		<b>561</b>	<b>399</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	16,957	13,538
Reserves	10	43,846	43,828
Deficit		(50,748)	(50,361)
<b>Total shareholders' equity</b>		<b>10,055</b>	<b>7,005</b>
		<b>\$ 10,616</b>	<b>\$ 7,404</b>

Nature of operations and going concern (Note 1)

**Approved and authorized for issue by the Board of Directors:**

*"P. Randy Reifel"*

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"P. Randy Reifel", Director

*"John Mackay"*

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"John Mackay", Director

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(\$000's)	Notes	Years ended	
		December 31, 2025	December 31, 2024
<b>Expenses</b>			
Exploration		\$ 378	\$ 167
General and administrative		140	124
Professional fees		240	307
Share-based compensation	10,11	61	89
<b>Total expenses</b>		<b>819</b>	<b>687</b>
<b>Loss before other items</b>		<b>(819)</b>	<b>(687)</b>
<b>Other income (expenses)</b>			
Finance costs		(1)	(1)
Foreign exchange gain (loss)		(16)	20
Other income		17	31
Realized gain on investments	7	212	46
Unrealized gain on investments	7	220	171
Impairment of investment	7	-	(25)
<b>Total other income</b>		<b>432</b>	<b>242</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (387)</b>	<b>\$ (445)</b>
<b>Loss per common share, basic and diluted</b>		<b>(\$0.01)</b>	<b>(\$0.01)</b>
<b>Weighted Average Shares Outstanding</b>			
Basic and diluted		<b>51,961,029</b>	<b>50,908,253</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(\$000s)	Notes	Number of Shares	Share capital	Additional paid-in capital	Warrants reserves	Share-based payments reserves	Deficit	Total Equity
Balance as at December 31, 2023		50,894,933	\$ 13,290	\$ 41,510	\$ 183	\$ 2,069	\$ (49,916)	\$ 7,136
Exercise of options	10(b)	375,000	248	-	-	(23)	-	225
Share-based compensation	10(c)	-	-	-	-	89	-	89
Net loss for the year		-	-	-	-	-	(445)	(445)
<b>Balance at December 31, 2024</b>		<b>51,269,933</b>	<b>\$ 13,538</b>	<b>\$ 41,510</b>	<b>\$ 183</b>	<b>\$ 2,135</b>	<b>\$ (50,361)</b>	<b>\$ 7,005</b>
<b>Balance at December 31, 2024</b>		<b>51,269,933</b>	<b>\$ 13,538</b>	<b>\$ 41,510</b>	<b>\$ 183</b>	<b>\$ 2,135</b>	<b>\$ (50,361)</b>	<b>\$ 7,005</b>
Unit offering	10(b)(d)	8,375,000	3,350	-	-	-	-	3,350
Exercise of options	10(b)	125,000	118	-	-	(43)	-	75
Share-based compensation	10(c)	-	-	-	-	61	-	61
Share issuance costs	10(b)	-	(49)	-	-	-	-	(49)
Net loss for the year		-	-	-	-	-	(387)	(387)
<b>Balance at December 31, 2025</b>		<b>59,769,933</b>	<b>\$ 16,957</b>	<b>\$ 41,510</b>	<b>\$ 183</b>	<b>\$ 2,153</b>	<b>\$ (50,748)</b>	<b>\$ 10,055</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(\$000's)	Years ended	
	December 31, 2025	December 31, 2024
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (387)	\$ (445)
<b>Items not affecting cash</b>		
Unrealized gain from investments	(220)	(171)
Realized gain on sale of investments	(212)	(46)
Impairment of investment	-	25
Unrealized foreign exchange loss (gain)	2	(1)
Share-based compensation	61	89
	<b>(756)</b>	<b>(549)</b>
<b>Changes in non-cash working capital</b>		
Amounts receivable and prepaids	(1)	17
Accounts payable and accruals	111	11
<b>Cash used in operating activities</b>	<b>(646)</b>	<b>(521)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from unit offering, net of share issuance costs	3,301	-
Proceeds from exercise of options	75	225
<b>Cash provided by financing activities</b>	<b>3,376</b>	<b>225</b>
<b>INVESTING ACTIVITIES</b>		
Additions to investments	(1,192)	(206)
Proceeds from disposition of investments, net	1,855	227
Mineral properties expenditures	(312)	(265)
Reclamation bond	(62)	-
<b>Cash provided by (used in) investing activities</b>	<b>289</b>	<b>(244)</b>
<b>Change in cash</b>	<b>3,019</b>	<b>(540)</b>
<b>Cash - beginning of year</b>	<b>788</b>	<b>1,328</b>
<b>Cash - end of year</b>	<b>\$ 3,807</b>	<b>\$ 788</b>
<b>Supplemental disclosure of non-cash activities</b>		
Increase in mineral property asset retirement obligation	66	-
Fair value of stock options exercised transferred from reserves to share capital	43	23

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 1) Nature of operations and going concern

Gunpoint Exploration Ltd. (“Gunpoint” or the “Company”) was incorporated under the laws of British Columbia on October 27, 1989. Gunpoint is focused on the acquisition and exploration of precious metals located in the United States.

Gunpoint is domiciled in Vancouver, British Columbia, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol “GUN: TSXV”. The Company is controlled by Chesapeake Gold Corp. (“Chesapeake”) which owns over 57% of the Company’s common shares. The Company’s registered office is at Suite 201 - 1512 Yew Street, Vancouver, BC, Canada, V6K 3E4.

These consolidated financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has not generated operating revenue from its mineral properties. The ability of the Company to continue as a going concern is dependent upon obtaining additional equity and/or debt financing for the exploration and development of its mineral properties. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

(\$000’s)	December 31, 2025		December 31, 2024	
Excess of current assets over current liabilities	\$	4,059	\$	1,381
Deficit	\$	(50,748)	\$	(50,361)

These Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these Financial Statements; these adjustments could be material.

### 2) Basis of presentation

#### Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below were consistently applied to all periods presented.

The Financial Statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The Financial Statements are presented in Canadian dollars.

These Financial Statements were approved and authorized by the Board of Directors on April 20, 2026.

**Notes to the Consolidated Financial Statements  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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**3) Use of estimates and judgments**

The preparation of these Financial Statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These Financial Statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical Judgments**

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

- i. Management is required to assess the functional currency of each entity of the Company. The Company determined the Canadian dollar to be its functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions;
- ii. Management is required to assess impairment in respect of its investment in mineral properties. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a small proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. Management has determined that there were no triggering events present as defined in IFRS 6 for the properties and as such, no impairment loss was recorded for the years ended December 31, 2025 and 2024;
- iii. Management is required to assess the present value of asset retirement obligations with respect to its mineral properties. Judgment has been applied with respect to the Company's annual discount rate and for the expected time period when those future retirement obligations are expected to be incurred; and
- iv. Factors used in the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

**Accounting Estimates and Assumptions**

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made;
- ii. Management estimates the fair values of share-based payment arrangements using the Black-Scholes Option Pricing Model; and
- iii. Other significant accounting estimates including the carrying value of investments.

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 4) Material accounting policy information

#### Basis of consolidation

Control exists when the Company is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to offset those returns through its power over the subsidiary. The financial results of subsidiaries are included in the Financial Statements from the date that control commences until control ceases.

The following subsidiaries are consolidated:

	Country of incorporation	Percentage owned
Gunpoint Exploration Ltd	Canada	100%
American Gold Capital US Inc.	United States	100%
Gunpoint Exploration US Ltd.	United States	100%
Minera CJ Gold, S.A. DE C.V.	Mexico	100%
Hunt Exploracion S.A. <sup>(1)</sup>	Guatemala	0%

(1) On December 4, 2024, the Company sold its 100% ownership interest in Hunt Exploracion S.A. for a nominal amount. Up to December 4, 2024, all transactions were consolidated. Thereafter, all balances have been eliminated from the consolidated financial statements.

Significant intercompany balances and transactions have been eliminated.

#### Foreign currency translation

These Financial Statements are presented in Canadian dollars. The functional currency of the Company and its controlled entities is measured using the currency of the primary and secondary economic environment in which that entity operates. When the primary and secondary indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to the primary indicators before considering the secondary and other indicators, which are designed to provide additional supporting evidence to determine an entity's functional currency. All of the foreign operations are carried out as an extension of the parent Company, rather than being carried out with a significant degree of autonomy.

The functional currency of the Company and its controlled entities is summarized as follows:

	Functional Currency
Gunpoint Exploration Ltd	CAD
American Gold Capital US Inc.	CAD
Gunpoint Exploration US Ltd.	CAD
Minera CJ Gold, S.A. DE C.V.	CAD
Hunt Exploracion S.A.	CAD

#### Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the consolidated statement of operations in the period in which they arise.

**Notes to the Consolidated Financial Statements  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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**Investment in mineral properties**

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all acquisition costs, net of recoveries. Such costs include, but are not limited to, staking and claims costs. Payments received on option agreements relating to the acquisition of and exploration for mineral claims are offset against the capitalized costs in the period in which they arise. Unproven mineral interest assets are assessed for impairment when the facts and circumstances suggest that its carrying amount may exceed its recoverable amount and when the Company has sufficient information to reach a conclusion about technical feasibility and commercial viability. Industry specific indicators of the existence of a potential impairment typically include the absence of plans to incur substantive expenditure on further exploration over a reasonable time horizon, conditions where title is compromised, adverse changes in the taxation, regulatory or political environment and adverse changes in currencies, commodity prices and markets. Exploration expenditures are expensed in the period incurred.

Recoverability of the carrying amount of any unproven mineral interest assets is dependent on successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any intangible asset with an indefinite life that is not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of the fair value less costs to dispose and value in use. 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized in the consolidated statement of operations.

**Share-based compensation**

The share option plan allows the Company's directors, officers, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted and an estimated forfeiture rate.

**Reserves**

Share based compensation and warrant reserves represent the fair value of stock options or warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is recorded in reserves. When warrants are exercised, the corresponding residual value is transferred from reserves to share capital.

### Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A reduction in respect of the benefit of a deferred income tax asset is recorded against any deferred income tax asset if it is probable that there will be future taxable income to offset. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change is substantively enacted.

### Cash

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance that are readily convertible into cash, and which are subject to insignificant risk of changes in value to be cash.

### Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. As at December 31, 2025, the Company had 7,227,500 (2024 – 1,365,000) potentially dilutive shares relating to outstanding stock options and warrants.

### Reclamation obligations

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred by the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the consolidated statement of operations and included as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

### Financial Instruments - Recognition and Measurements

#### (i) Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of

**Notes to the Consolidated Financial Statements  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Cash and investments are classified as FVTPL.

(ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in the consolidated statement of operations.

**Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

**Recent Accounting Pronouncements**

As at the date of these Financial Statements, the IASB had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2027. In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its financial statements.

Other recent accounting pronouncements are not applicable or do not have a significant impact to the Company, have been excluded.

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 5) Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource 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 the components of shareholders' equity as well as cash and investments. In order to maximize ongoing development efforts, the Company does not pay out dividends.

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 its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and investments.

There were no changes in the Company's approach to capital management during the years ended December 31, 2025 and 2024. The Company is not subject to externally imposed capital requirements.

### 6) Financial instruments and risk management

#### a) Financial instrument classification and measurement

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

<b>December 31, 2025</b>		Level 1		Level 2		Level 3		Total
Cash (\$000's)	\$	3,807	\$	-	\$	-	\$	3,807
Investments (\$000's)	\$	405	\$	-	\$	-	\$	405
<b>December 31, 2024</b>								
Cash (\$000's)	\$	788	\$	-	\$	-	\$	788
Investments (\$000's)	\$	636	\$	-	\$	-	\$	636

The fair value of other financial instruments, including cash and accounts payable, approximate their carrying values due to the relatively short-term maturity of these instruments. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer.

There were no transfers between the levels during the years ended December 31, 2025 or 2024.

#### b) Credit risk

The Company's credit risk is primarily attributable to cash. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company's cash is held through large Canadian financial institutions. As at December 31, 2025, management considers the Company's exposure to credit risk is minimal.

**Notes to the Consolidated Financial Statements**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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## c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The accounts payable and accrued liabilities are due within the current operating period. Liquidity risk is assessed as high.

As at December 31, 2025, the Company had a cash balance of \$3,807,000 (2024 – \$788,000) to settle current liabilities of \$173,000 (2024 - \$62,000).

The Company is not profitable and relies on the issuance of equity securities for cash, primarily through private placements and from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

## d) 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. The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in the equity markets. The Company closely monitors market values to determine the most appropriate course of action. Market risk is assessed as moderate.

## e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

## f) Currency risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States. Certain costs and expenses are incurred in US dollars. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable. Currency risk is assessed as moderate.

## g) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risk associated with fluctuations in the market price of commodities. Price risk is assessed as moderate.

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 7) Investments

		(\$000's)
Fair value as at December 31, 2023	\$	465
Additions		206
Dispositions		(227)
Realized gain		46
Unrealized gain		171
Impairment of investment		(25)
Fair value as at December 31, 2024	\$	636
Additions	\$	1,192
Dispositions		(1,855)
Realized gain		212
Unrealized gain		220
Fair value as at December 31, 2025	\$	405

Investments are designated as fair value through profit and loss and carried at market value. Unrealized gains and losses are classified as part of the calculation of net income or loss.

During the year ended December 31, 2025, the unrealized gain recorded on investments held is \$220,000 (2024 - \$171,000). The realized gain on investments sold was \$212,000 (2024 – gain of \$46). The Company recognized an impairment in the fair market value of a private investment of \$25,000 in 2024.

### 8) Mineral properties

(\$000's)		Talapoosa
Balance as at December 31, 2023	\$	5,346
Licence, dues and fees		265
Balance as at December 31, 2024		5,611
Licence, dues and fees		312
Addition to asset retirement obligation		66
<b>Balance as at December 31, 2025</b>	<b>\$</b>	<b>5,989</b>

#### *Talapoosa – Appaloosa (Nevada, USA)*

The Company has a 100% interest in the Talapoosa gold property (“Talapoosa”) located in Lyon County, Nevada. Talapoosa consists of 535 unpatented lode mining claims, including 509 claims owned by the Company and 26 claims subject to a lease agreement with a third party (the “Unpatented Leased Land”). There are 6 additional leased fee land sections (the “Leased Fee Lands”) and a portion of one additional fee land section owned by one of the Company’s US subsidiaries.

#### *Appaloosa*

The Appaloosa property (“Appaloosa”) lies within the Talapoosa land package located 1 kilometre northeast of the Talapoosa trend.

On September 27, 2022, the Company signed a farm-in agreement with Newcrest Resources Inc. (“Newcrest”) to explore Appaloosa (“Newcrest Agreement”). Newcrest had the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of US\$35 million, cash payments totalling US\$5 million to Gunpoint and completing a minimum indicated level mineral resource estimate of 1 million gold ounces. Upon signing the agreement, Newcrest paid the Company \$322,000 (US\$250,000).

## Notes to the Consolidated Financial Statements

### FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

In January 2023, Newcrest elected to enter into the Option Phase of the farm-out agreement by providing a \$1,005,000 (US\$750,000) cash payment and undertaking a minimum US\$2 million in exploration expenditures over the following 18 months. At the end of minimum commitment in the Option Phase, on March 27, 2024, Newcrest provided the Company formal notice to not proceed with the Earn-In option under the Newcrest Agreement.

Reclamation deposit of \$395,000 (2024: \$350,000) is a reclamation bond in the amount of US\$282,732 (2024 - US\$238,025) and CAD\$7,500 (2024 - CAD\$7,500) for the Talapoosa properties. The change in 2025 was due to an increase in the bond and the change in foreign exchange rates.

The reclamation obligation of \$388,000 (US\$282,733) (2024 \$337,000 - US\$234,424) consists of costs for earthworks, re-contouring, re-vegetation for past exploration activities. The change in 2025 was due to an increase assessed by the Bureau of Land Management and the change in foreign exchange rates.

#### 9) Accounts payable and accrued liabilities

(\$000's)	December 31, 2025		December 31, 2024	
Accounts payable	\$	133	\$	37
Accrued liabilities		40		25
Accounts payable and accrued liabilities	\$	173	\$	62

#### 10) Share capital

##### a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value and 50,000,000 preferred shares without par value.

##### b) Issued:

On December 18, 2024, the Company issued 375,000 common shares based on the exercise of stock options at an exercise price of \$0.60 per share for proceeds of \$225,000.

On October 17, 2025, the Company issued 125,000 common shares based on the exercise of stock options at an exercise price of \$0.60 per share for proceeds of \$75,000. The Company reclassified the grant date fair value of the exercised stock options of \$43,000 from share based payment reserve to share capital

On December 2, 2025, the Company closed a non-brokered private placement financing for gross proceeds of \$3,350,000 from the sale of 8,375,000 units (the "Units") at a price of \$0.40 per Unit (the "Offering"). Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable at a price of \$0.60 into one common share of the Company until December 2, 2027. The Company incurred share issue costs of \$48,830 relating to the private placement.

For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and concluded no value was allocated to warrants.

## Notes to the Consolidated Financial Statements

### FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

#### c) Summary of stock option activity

The Company has a share option plan which provides for equity participation in the Company by its directors, officers, employees and consultants through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is 10% of the issued and outstanding common shares as at the date of grant. The options will be exercisable for 5 years from the grant date with vesting terms to be determined at the time by the Board of Directors.

On October 17, 2025, 125,000 stock options were exercised at an exercise price of \$0.60 per share for proceeds of \$75,000. The market price of the Company's shares at the date of exercise was \$0.45.

During the year ended December 31, 2025, the Company issued 1,800,000 options with an exercise price of \$0.55, and an expiry date of November 21, 2030. The fair value of the options granted was determined using the Black-Scholes Option Pricing Model assuming volatility of 58%, risk-free rate of 2.94%, expected life of 5 years, and no expected dividends or forfeitures.

During the year ended December 31, 2025, the Company recognized total share-based compensation expense of \$61,000 (2024 – \$89,000) on vested stock options that were granted in current and prior years.

As at December 31, 2025, the weighted average remaining contractual life of outstanding stock options is 3.33 years (2024 – 2.04 years).

Stock option activity during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025		December 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	1,365,000	\$0.60	1,740,000	\$0.60
Issued	1,800,000	\$0.55	-	\$0.00
Exercised	(125,000)	\$0.60	(375,000)	\$0.60
Ending balance	3,040,000	\$0.57	1,365,000	\$0.60

Details of stock options outstanding as at December 31, 2025 and December 31, 2024 are as follows:

Expiry Date	Exercise Price	December 31, 2025		December 31, 2024	
		Number of Options	Number of Options Vested	Number of Options	Number of Options Vested
November 23, 2026	\$0.60	1,040,000	1,040,000	1,165,000	780,000
November 10, 2027	\$0.60	200,000	150,000	200,000	100,000
November 21, 2030	\$0.55	1,800,000	-	-	-
		3,040,000	1,190,000	1,365,000	880,000

## Notes to the Consolidated Financial Statements FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### d) Summary of warrant activity

On December 2, 2025, the Company closed a non-brokered private placement financing for gross proceeds of \$3,350,000 from the sale of 8,375,000 units (the "Units") at a price of \$0.40 per Unit (the "Offering"). Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable at a price of \$0.60 into one common share of the Company until December 2, 2027.

For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and concluded no value was allocated to warrants.

Warrant activity during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025		December 31, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	-	-	1,500,000	\$0.75
Issued	4,187,500	\$0.60	-	-
Expired	-	-	(1,500,000)	\$0.75
Ending balance	4,187,500	\$0.60	-	-

As at December 31, 2025, the weighted average remaining life of its warrants was 1.92 years (2024 – nil).

## 11) Related party transactions

During the years ended December 31, 2025 and 2024, there were no management fees incurred for related parties.

During the year ended December 31, 2025, the Company recognized share-based compensation expense of \$53,000 (2024 - \$79,000) for stock options issued in prior years to officers and directors of the Company.

## 12) Segment disclosures

The Company's assets and operations are primarily located in Canada and USA.

(\$000's)	Canada		USA		Total
<b>December 31, 2025</b>					
Non-current assets					
Investment in mineral properties	\$	-	\$	5,989	\$ 5,989
Reclamation deposits	\$	-	\$	395	\$ 395
<b>December 31, 2024</b>					
Non-current assets					
Investment in mineral properties	\$	-	\$	5,611	\$ 5,611
Reclamation deposits	\$	-	\$	350	\$ 350

**Notes to the Consolidated Financial Statements**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**13) Income taxes**

- a) The provision for income taxes differs from the amount that would have resulted in applying the combined Canadian federal and provincial statutory income tax rates as follows:

(000's)	December 31, 2025	December 31, 2024
Canadian statutory rate	27%	27%
Net loss	\$ (387)	\$ (445)
Expected in tax recovery at statutory income tax rates	\$ (104)	\$ (120)
Non-deductible items and other permanent differences	(6)	72
Share issuance costs	(13)	-
Impact of foreign effective tax rates	25	21
Foreign exchange and other	121	165
Change in valuation allowance	(23)	(138)
Income tax expense	\$ -	\$ -

- b) Deductible temporary differences for which no deferred tax assets have been recognized are attributable to the following:

(000's)	December 31, 2025	December 31, 2024
Deferred income tax assets		
Marketable securities	\$ 193	\$ 718
Investment in mineral properties	27	832
Share issuance costs	47	16
Intercompany debt and net capital loss	193	193
Income tax loss carry forwards	21,564	20,413
Accrued reclamation obligation	321	337
	\$ 22,345	\$ 22,509

- c) The Company has non-capital losses as follows:

(000's)	December 31, 2025	Expiry
Canada	\$ 6,678	2025-2045
USA	12,754	2025-2045
USA	1,854	No expiry
Mexico	278	2025-2045
	\$ 21,564	