55 North Mining Inc.

Condensed Interim Consolidated Financial Statements

At June 30, 2025 and 2024

(in Canadian dollars, unless otherwise stated)

(unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

55 North Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

Expressed in Canadian dollars

		June 30, 2025		December 31, 2024
ASSETS				
Current assets				
Cash	**$**	**260,917**	$	66,528
Prepaids		**7,357**		1,776
	$	**268,274**	$	68,304
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**95,144**	$	539,285
Deferred MMDF grant *(Note 13)*		**200,000**		200,000
Part XII.6 tax *(Note 15)*		**7,941**		7,941
Indemnification liability *(Note 15)*		**373,857**		404,501
		676,942		1,151,629
Long-term liabilities				
Canada Emergency Business Account *(Note 5)*		**---**		41,902
		676,942		1,193,629
Shareholders' equity				
Share capital *(Note 6)*		**5,901,391**		5,008,782
Warrant reserve		**864,464**		694,423
Contributed surplus		**412,400**		409,800
Deficit		**(7,586,923)**		(7,238,330)
		(408,668)		(1,125,325)
	$	**268,274**	$	68,304

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

On behalf of the Board:
Signed:

"Bruce Reid"	*"Sandra Jackson"*
Director	Director

55 North Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2025 and 2024
(Unaudited)
Expressed in Canadian dollars, except shares and per share amounts

	3 months ended June 30,		6 months ended June 30,	
	2025	**2024**	**2025**	**2024**
Expenditures				
Acquisition costs	**$ 100,000**	$ ---	**$ 300,000**	$ ---
Management and consulting	**96,000**	48,000	**144,000**	96,000
Promotion and communication	**70,312**	15,339	**73,564**	22,589
MCFN payment *(Note 8)*	**30,000**	---	**30,000**	---
Project expenditures	**20,000**	25,835	**20,000**	25,835
Share-based compensation	**2,600**	---	**2,600**	---
Professional fees	**2,918**	---	**(6,888)**	1,325
General and administration	**(64,962)**	10,566	**(81,239)**	27,364
Loss before other items	**256,868**	99,740	**482,037**	173,113
CEBA loan forgiveness *(Note 5)*	**(40,000)**	---	**(40,000)**	---
MMDF grant *(Note 13)*	**---**	(25,835)	**---**	(25,835)
Interest income	**---**	---	---	---
Loss and comprehensive loss for the period	**$ 216,868**	$ 73,904	**$442,037**	$ 147,278
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding during the period - basic and diluted	**174,705,770**	160,067,244	**167,426,945**	160,067,244

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

55 North Mining Inc.

Condensed Interim Consolidated Statements of Changes in Deficit

For the six months ended June 30, 2025 and 2024

(Unaudited)

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
Balance at December 31, 2023	**$ 5,008,782**	**$ 2,364,700**	**$ 419,800**	**$ (8,163,915)**	**$ (380,633)**
Loss for the period	---	---	---	(147,278)	(147,278)
Balance at June 30, 2024	**$ 5,008,782**	**$ 2,364,700**	**$ 419,800**	**$ (8,311,193)**	**$ (527,911)**
Balance at December 31, 2024	**$ 5,008,782**	**$ 694,423**	**$ 409,800**	**$ (7,238,330)**	**$ (1,125,325)**
Issue of shares - private placement	423,515	263,485	---	---	687,000
Issue of shares – debt settlement	439,094	---	---	---	439,094
Issue of shares – MCFN	30,000	---	---	---	30,000
Expiry of warrants	---	(93,444)	---	93,444	---
Share-based compensation	---	---	2,600	---	2,600
Loss for the period	---	---	---	(442,037)	(442,037)
Balance at June 30, 2025	**$ 5,901,391**	**$ 864,464**	**$ 412,400**	**$ (7,586,923)**	**$ (408,668)**

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

55 North Mining Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended June 30, 2025 and 2024

(Unaudited)

Expressed in Canadian dollars

	2025	2024
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (442,037)**	$ (173,113)
Shares issued to MCFN	**30,000**	---
Share-based payments	**2,600**	---
Net change in non-cash working capital items:		
Amounts receivable	**---**	(9,726)
Prepaids	**(5,581)**	(7,799)
Accounts payable and accrued liabilities	**(5,047)**	67,115
CEBA loan	**(41,902)**	---
Indemnification liability	**(30,644)**	---
Deferred MMDF grant	**---**	74,165
	(492,611)	(23,523)
FINANCING ACTIVITIES		
Issue of shares - private placement	**687,000**	---
	687,000	---
Net (decrease) increase in cash	**194,389**	(23,523)
Cash, beginning of period	**66,528**	85,060
Cash, end of period	**$ 260,917**	$ 61,537

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

1. CORPORATE INFORMATION

55 North Mining Inc., a company incorporated under the Canada Business Corporation Act, and its wholly-owned subsidiary 55 North Mining Operations Inc. (collectively “55 North” or the “Company”) are engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals. The Company’s corporate head office is located at 372 Bay Street, Suite 1800, Toronto ON M5H 2W9. The registered office of the Company is MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1. The Company is a reporting issuer, as defined in corporate law, and its shares are currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “FFF”.

These condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2025, were approved and authorized for issue by the Board of Directors of the Company on August 28, 2025.

Going Concern

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. Operating activities have not yet generated any revenues. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. To date the Company has incurred losses since inception and expects to incur further losses in the development of its business. As at June 30, 2025, the Company had an accumulated deficit of $7,586,923 which has been funded primarily by the issuance of share capital. At June 30, 2025, the Company also had a working capital deficiency of $408,668 (December 31, 2024 - working capital deficiency of $1,083,423).

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

These interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and statement of financial position classifications that might be necessary if the Company was unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

a) Basis of presentation:

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants Canada Handbook. These financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value. The Company has consistently applied the accounting policies used in preparation of these financial statements throughout all the periods presented. Critical accounting judgments and estimates used by management in the preparation of these financial statements are presented in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

b) Basis of presentation (cont'd):

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. All reference to dollars ($) are to Canadian dollars unless otherwise noted.

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2024. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2024.

c) Accounting changes

New standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024.

The following amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after January 1, 2024:

- General Requirements for Disclosure of Sustainability-related Financial Information (New standard IFRS S1);
- Climate-related Disclosures (New standard IFRS S2);
- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Noncurrent); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants);

The Company has concluded that the above are not applicable or do not have a significant impact to the Company and have been excluded as it is expected to have no impact on the unaudited condensed interim financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to use estimates and judgments that affect the reported amounts of assets and liabilities, as well as revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net loss in the period in which they become known.

The recoverability of deferred expenditures is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and attaining profitable production.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax provision. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

4. MINERAL PROPERTIES

On September 5, 2017, the Company signed an option agreement with Peter Dunlop to option the Last Hope Project near Lynn Lake, Manitoba. In addition to payments already made and incurring certain exploration expenses (already incurred), the Company also agreed to make certain annual option payments. The $100,000 payment to be made on September 5, 2023 was deferred to June 5, 2024 by issuing 1,000,000 common shares to Peter Dunlop.

The Company committed to make additional option payments as follows: June 5, 2024: $100,000; September 5, 2024: $100,000; and September 5, 2025: $3,000,000. The Company paid the June and September 2024 option payments in March 2025, and, with these payments, the option is in good standing (see also Note 14).

4. MINERAL PROPERTIES (CONT'D)

On June 2, 2025, the option agreement was amended, with the Company making a $100,000 payment in return for the $3,000,000 payment being deferred to December 31, 2025.

The Last Hope Project bears a 2% net smelter returns royalty with the ability to buy back 1% for $1,000,000.

5. CANADA EMERGENCY BUSINESS ACCOUNT

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account ("CEBA"), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, the Company applied for this funding and received $40,000 as an unsecured, non-interest-bearing loan. This loan was due on or before December 31, 2023 but subsequently extended to January 18, 2024. If $30,000 was paid before it was time, $10,000 of the loan would have been forgiven. If not paid by this date, the loan is extended by two years bearing interest at a rate of 5% per annum, with the loan maturing on December 31, 2026. The Company had previously reduced the loan liability as it had planned on paying the loan when it matured. As the Company did not repay the loan by the due date, management reversed the write-down to reflect the loan at its face value of $40,000. As at December 31, 2024 the Canada Emergency Business Account included accrued interest of $1,902. Additional interest of $491 was accrued for the first quarter of 2025.

In June 2025, the Company discovered that this loan was forgiven by the bank, resulting in the Company reversing the liability on its books.

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares with each common share entitled to one vote.

b) Common shares issued:

At June 30, 2025, there were 252,646,234 common shares issued and outstanding (December 31, 2024 – 160,067,244 shares outstanding).

Included in the share capital balance on December 31, 2024 and June 30, 2025 are 189,206 shares held by 55 North Operations (formerly Ontario Inc.). These shares will be sold now that the Company's shares are trading on a stock exchange and are included as shares held in treasury.

On May 15, 2025, the Company signed and agreement with Marcel Colomb First Nation("MCFN") where the parties established and understanding of how MCFN will be engaged in 55 North's exploration activities. As part of this agreement, on May 30, 2025, the Company issued MCFN 2,000,000 common shares of the Company, valued at $30,000, and 2,000,000 common share purchase options, which securities will be held in trust.

On June 17, 2025, the Company closed the first tranche of a financing, raising $687,000 by issuing 68,700,000 units, with each unit consisting of one common share and one common share purchase warrant with an exercise price of $0.01 and expiring on June 17, 2029. The CSE requires that these warrants be exercisable at a minimum price of $0.05, requiring the Company to consolidate shares prior to exercise.

On June 17, 2025, the Company settled $439,094 of debt by issuing 21,878,990 common shares.

the first tranche of a financing, raising $687,000 by issuing 68,700,000 units, with each unit consisting of one common share and one common share purchase warrant with an exercise price of $0.01 and expiring on June 17, 2029. The CSE requires that these warrants be exercisable at a minimum price of $0.05, requiring the Company to consolidate shares prior to exercise.

Expressed in Canadian dollars unless otherwise indicated

7. WARRANTS

At June 30, 2025, there were 111,874,551 warrants outstanding (December 31, 2024 - 44,829,551), with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

Number	Exercise Price	Remaining Contractual Life in Years	Expiry Date
December 31, 2024			
5,000,000	$0.20	1.04	July 15, 2026
350,000	$0.20	1.04	July 15, 2026
500,000	$0.20	1.07	July 20, 2026
3,588,336	$0.05	0.85	May 6, 2026
5,172,710	$0.05	1.16	August 26, 2026
5,083,032	$0.05	1.27	October 5, 2026
12,000,000	$0.05	1.27	October 5, 2026
1,608,734	$0.05	1.33	October 27, 2026
500,000	$0.05	1.34	November 2, 2026
9,371,739	$0.05	1.84	May 3, 2027
68,700,000	$0.01	3.97	June 17, 2029
111,874,551	**$0.04**	**2.94**	

A summary of the status of the Company's outstanding warrants and changes for the year ended December 31, 2024 and the six months ended June 30, 2025 are as follows:

	2025		2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	**44,829,551**	**$0.09**	**72,225,611**	**$0.16**
Granted	68,700,000	$0.01	---	--
Expired	(1,655,000)	$0.30	(27,396,060)	0.29
Balance, ending	**111,874,551**	**$0.04**	**44,829,551**	**$0.09**

8. SHARE OPTIONS

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding shares exercisable for a period of up to 10 years. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relation consultants, shall not exceed 2% of the total number of issued and outstanding shares.

As part of its agreement with MCFN (Note 6b), the Company issued MCFN 2,000,000 common share purchase options.

Expressed in Canadian dollars unless otherwise indicated

8. SHARE OPTIONS (CONT'D)

These options vested immediately, have a two-year life, and an exercise price of $0.15. The value of these options was calculated using the Black-Scholes option pricing model under the following weighted average assumptions: share price - $0.015; risk free rate of return – 2.59%; annualized volatility - 100%; expected life - 2 years; dividend yield - 0%. The Company recognized a share-based compensation expense of $2,600 related to the vesting that occurred.

The average remaining life of the options at June 30, 2025 is 2.99 years (December 31, 2024 – 3.20 years). A summary of the status of the Company's outstanding options as at June 30, 2025 and December 31, 2024 and changes during the periods then ended are as follows:

	June 30, 2025		Dec. 31, 2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	**13,750,000**	**$ 0.04**	**13,750,000**	**$ 0.04**
Granted	2,000,000	---	---	---
Expired	---	---	---	---
Balance, ending	**15,750,000**	**$ 0.05**	**13,750,000**	**$ 0.04**

9. RELATED PARTY TRANSACTIONS

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the group, directly and indirectly, include any director (whether executive or otherwise) of the Company. Total fees paid to the Company's CEO during the three and six months ended June 30, 2025 is $26,000 and $44,000, respectively (three and six months ended June 30, 2024 - $18,000 and $36,000, respectively) with $39,168 remaining in accounts payable at June 30, 2025 (December 31, 2024 - $126,000). Total fees paid to the Company's CFO during the three and six months ended June 30, 2025 is $25,000 and $40,000, respectively (three and six months ended June 30, 2024 - $15,000 and $30,000, respectively) with $NIL remaining in accounts payable at quarter end (December 31, 2024 - $105,000 on account of unpaid fees and expenses). In June 2025 $150,000 and $125,380 owed to the Company's CEO and CFO, respectively, were settled by issuing 3,000,000 and 2,707,600 common shares, respectively.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital, which consists of shareholders' equity, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

11. RISK MANAGEMENT AND FAIR VALUES

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company's main sources of liquidity are external sources of debt and equity. The funds are primarily used to finance working capital and capital expenditure requirements. The Company's current liabilities exceed its current assets by $408,668.

Accounts payable, accrued liabilities, advance payable due to related parties and promissory note payable are due within one year.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for doubtful accounts receivable.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. The Company only enters into transactions in Canadian dollars and is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. Obtaining a promissory note with a fixed interest rate minimizes cash flow risk.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Mineral prices are affected by numerous factors such as the sale or purchase by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

Fair values

The fair values of the Company's financial assets and liabilities consisting of cash, accounts receivable, advances to related party, accounts payable, due to related parties and promissory note payable approximate their recorded values as at June 30, 2025 and December 31, 2024 due to their short-term nature.

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at the end of the periods may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

12. CONTINGENCY

In the normal course of operations, the Company may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the estimated costs to satisfy such claims. Although the outcome of existing legal and other claims are not reasonably determinable, management believes that any such outcome will not be material.

13. MANITOBA MINERAL DEVELOPMENT FUND GRANT

On May 24, 2023, the Company signed an agreement with MMDF Corporation, an arm of the Government of Manitoba, where the Company will receive a grant of up to $300,000 from the Manitoba Mineral Development Fund in $100,000 tranches, which funds are to be used for exploration activities at the Company's Last Hope Project. As of the date of these financial statements, $300,000 (2023 - $200,000) has been received to date. The amount deferred represents amounts that will be spent on exploration activities and is expected to be realized in the subsequent year. If amounts are not spent according to the agreement they are to be repaid.

14. ADVANCES

In March 2025, the company's CEO and Chairman advanced $200,000 so that the Company could make option payments to Peter Dunlop. This amount was part of the first tranche of the private placement that closed on June 17, 2025.

15. FLOW-THROUGH SHARE PREMIUM LIABILITY

As a result of a CRA flow-through audit on prior year expenditures, the CRA determined that certain expenditures, while spent on flow-through eligible expenses, were not spent during the eligible period. As a result, in addition to Part XII.6 tax of $7,941 being imposed on the Company, subscribers in those financings will have their deduction disallowed, resulting in taxes being owed. The Company has set up an estimated indemnification liability based on taxes that these subscribers may be required to pay.

16. SUBSEQUENT EVENTS

On July 7, 2025, the Company closed the second tranche of its financing, raising $542,000 by issuing 54,200,000 units, with each unit consisting of one common share and one common share purchase warrant with an exercise price of $0.01 and expiring on July 7, 2029. The CSE requires that these warrants be exercised at a minimum price of $0.05, requiring the Company to consolidate shares prior to exercise.