

**METALLIS RESOURCES INC.**  
**Annual Consolidated Financial Statements**  
**December 31, 2025 and 2024**

**(Expressed in Canadian Dollars)**

**METALLIS RESOURCES INC.**  
**Index to Annual Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

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# DAVIDSON

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Metallis Resources Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Metallis Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December, 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December, 31, 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 (IFRS Accounting Standards).

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

As stated in Note 1, events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

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

## Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

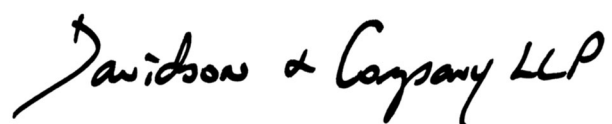
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

**METALLIS RESOURCES INC.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	<i>December 31,</i> <i>2025</i>	<i>December 31,</i> <i>2024</i>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 147,224	\$ 518,301
Receivables <i>(Note 3)</i>	11,941	9,891
Deposits and prepaid expenses <i>(Note 4)</i>	51,420	6,040
Due from related party <i>(Note 10)</i>	2,527	3,126
<b>Total current assets</b>	<b>213,112</b>	537,358
Equipment <i>(Note 5)</i>	3,039	1,495
Right-of-use assets <i>(Note 5)</i>	37,735	8,872
Net investment in sublease <i>(Note 7)</i>	47,057	10,248
<b>Total assets</b>	<b>\$ 300,943</b>	<b>\$ 557,973</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 155,242	\$ 32,216
Lease liability <i>(Note 7)</i>	31,339	20,496
Due to related parties <i>(Note 10)</i>	-	38,575
<b>Total current liabilities</b>	<b>186,581</b>	91,287
Lease liability <i>(Note 7)</i>	56,356	-
<b>Total liabilities</b>	<b>242,937</b>	91,287
<b>EQUITY</b>		
Share capital <i>(Note 9)</i>	26,517,457	24,911,304
Equity reserves	4,726,584	4,643,618
Accumulated deficit	(31,186,035)	(29,088,236)
<b>Total equity</b>	<b>58,006</b>	466,686
<b>Total liabilities and equity</b>	<b>\$ 300,943</b>	<b>\$ 557,973</b>

Nature and Continuance of Operations and Going Concern *(Note 1)*  
Events after the reporting period *(Note 16)*

Approved and authorized on behalf of the Board on April 29, 2026

"Fiore Aliperti" Director

"Michael Sikich" Director

**METALLIS RESOURCES INC.**

**Consolidated Statements of Loss and Comprehensive Loss**

**For the years ended December 31, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

	<b>2025</b>	<b>2024</b>
<b>Operating Expenses:</b>		
Communications	\$ 32,297	\$ 13,925
Consulting fees <i>(Note 10)</i>	366,520	342,500
Depreciation <i>(Note 5)</i>	17,333	18,632
Exploration and evaluation expenses <i>(Note 6)</i>	1,467,167	299,132
Office and general	36,991	36,084
Professional fees	67,945	66,556
Regulatory and transfer agent fees	46,701	52,506
Rent	12,158	15,494
Share-based compensation <i>(Notes 9,10)</i>	54,854	192,399
Travel	9,000	4,102
	(2,110,966)	(1,041,330)
Amortization of discount <i>(Note 7)</i>	(5,116)	(3,779)
Finance income on sublease <i>(Note 7)</i>	2,713	1,889
Foreign exchange loss	(8,757)	(1,852)
Interest income	19,327	12,428
Other income	5,000	-
Interest on loan <i>(Note 8)</i>	-	(8,500)
	\$ (2,097,799)	\$ (1,041,144)
<b>Loss and comprehensive loss for the year</b>		
	\$ (0.03)	\$ (0.02)
Basic and diluted loss per common share		
Weighted average number of common shares outstanding-		
Basic and Diluted	80,725,209	67,786,154

**METALLIS RESOURCES INC.**

**Consolidated Statements of Changes in Equity (Deficiency)**

**For the years ended December 31, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

	<i>Share Capital</i>		<i>Equity Reserves</i>	<i>Deficit</i>	<i>Total</i>
	<i>Number of Shares</i>	<i>Amount</i>			
<b>Balance at December 31, 2023</b>	<b>60,544,312</b>	<b>\$ 23,533,854</b>	<b>\$ 4,427,305</b>	<b>\$ (28,047,092)</b>	<b>\$ (85,933)</b>
Proceeds from private placements	14,760,691	1,404,695	-	-	1,404,695
Share issuance costs	-	(27,245)	7,257	-	(19,988)
Warrants issued for property	-	-	16,657	-	16,657
Share-based compensation	-	-	192,399	-	192,399
Loss for the year	-	-	-	(1,041,144)	(1,041,144)
<b>Balance at December 31, 2024</b>	<b>75,305,003</b>	<b>\$ 24,911,304</b>	<b>\$ 4,643,618</b>	<b>\$ (29,088,236)</b>	<b>\$ 466,686</b>
Proceeds from private placements	9,375,000	1,500,000	-	-	1,500,000
Share issuance costs	-	(82,847)	28,112	-	(54,735)
Warrants exercised	1,050,000	189,000	-	-	189,000
Share-based compensation	-	-	54,854	-	54,854
Loss for the year	-	-	-	(2,097,799)	(2,097,799)
<b>Balance at December 31, 2025</b>	<b>85,730,003</b>	<b>\$ 26,517,457</b>	<b>\$ 4,726,584</b>	<b>\$ (31,186,035)</b>	<b>\$ 58,006</b>

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

**METALLIS RESOURCES INC.**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

	<u>2025</u>	<u>2024</u>
<b>Cash flows provided by (used in) operating activities</b>		
Loss for the year	\$ (2,097,799)	\$ (1,041,144)
Items not affecting operating cash:		
Amortization of discount	5,116	3,779
Depreciation	17,333	18,632
Interest income	(19,327)	(12,428)
Finance income	(2,713)	(1,889)
Share-based compensation	54,854	192,399
Warrants for property- expensed	-	16,657
Interest on loan	-	8,500
Changes in non-cash working capital items:		
Receivables	(2,050)	(4,051)
Deposits and prepaid expenses	(45,380)	-
Accounts payable and accrued liabilities	123,026	(16,144)
Due from related party	599	802
Due to related parties	(38,575)	(50,675)
Net cash used in operating activities	<u>(2,004,916)</u>	<u>(885,562)</u>
<b>Cash flows provided by (used in) investing activities</b>		
Interest received	19,327	12,428
Purchase of equipment	(2,314)	-
Proceeds from investment in sublease	20,924	20,587
Net cash provided by investing activities	<u>37,937</u>	<u>33,015</u>
<b>Cash flows provided by (used in) financing activities</b>		
Proceeds from shares issued	1,689,000	1,404,695
Share issuance costs	(54,735)	(19,988)
Lease payments	(38,363)	(41,176)
Proceeds from loan	-	100,000
Loan and interest repaid	-	(108,500)
Net cash provided by financing activities	<u>1,595,902</u>	<u>1,335,031</u>
Increase (Decrease) in cash and cash equivalents during the year	(371,077)	482,484
Cash and cash equivalents, beginning of year	518,301	35,817
<b>Cash and cash equivalents, end of year</b>	<u>\$ 147,224</u>	<u>\$ 518,301</u>

Supplemental Disclosure with Respect to Cash Flows (*Note 11*)

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Metallis Resources Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on June 19, 2007. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “MTS” and on the OTCQB Venture Market under the symbol “MTLFF”. The Company’s registered and head office is located at Suite #604 - 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1, and its website is at [www.metallisresources.com](http://www.metallisresources.com).

The Company and its wholly owned subsidiary are engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

The Company operates in a single jurisdiction in the single business activity of exploration and evaluation of mineral properties in the United States and Canada.

These consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

#### Going Concern of Operations

These annual consolidated financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company incurred a loss of \$2,097,799 during the year ended December 31, 2025 and as of that date the Company’s total deficit was \$31,186,035. The ability of the Company to continue as a going concern depends upon i) its ability to raise adequate financing on reasonable terms from lenders, shareholders and other investors and ii) its ability to develop a mine and/or commence commercially profitable operations. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These annual consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company has primarily raised private placement funds from equity investors to provide for its exploration and working capital needs. During the period subsequent to December 31, 2025, the Company raised \$1,262,000 through a combined unit and flow-through share private placement. During 2025, \$1,500,000 was raised from one private placement, and \$189,000 was received from the exercise of outstanding warrants. To the extent future financing is not available, future working capital commitments beyond 2026 may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company. In addition, should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies have been applied consistently to all periods presented in these annual consolidated financial statements.

##### Basis of compliance and presentation

These annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These annual consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value. In addition, these annual consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

##### Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its sole wholly-owned subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the annual consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars, being the functional currency of the parent company and the subsidiary, unless denominated otherwise. The subsidiary was incorporated on February 14, 2024:

Name	Place of incorporation	Ownership	Principal activity
Metallis Resources USA Inc.	Delaware, USA	100%	Mineral exploration

##### Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are initially recorded in the Company's functional currency using the exchange rate at the time of the transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated using the exchange rate at the end of each reporting period. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in profit or loss.

##### Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents consists of short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at December 31, 2025 and 2024, the Company had no cash equivalents.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Receivables

Receivables are recorded at face value less any provisions for uncollectible accounts. For the years ended December 31, 2025 and 2024, the Company did not record any provisions for uncollectible accounts.

##### Financial instruments:

##### IFRS 9, Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The Company classifies its financial assets and financial liabilities as those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes attributable to changes in credit risk for liabilities designated at fair value through profit or loss are recorded in other comprehensive income and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit or loss.

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, net investment in sublease, accounts payable and accrued liabilities, lease liability and amounts due to/from related parties. All financial instruments held by the Company are measured at amortized cost but the fair values of these financial instruments approximate their carrying value due to their short-term maturities.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

##### Impairment of financial assets

The Company uses a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are recognized at inception and updated for the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Equipment and ROU assets

Equipment is recorded at historical cost less accumulated depreciation and impairment charges. Equipment is depreciated on a declining balance basis over the estimated useful lives of the individual assets. The Company provides for depreciation computed under the declining balance method for computers and software at 55% per annum, and furniture and fixtures at 20% per annum.

Depreciation for right-of-use (“ROU”) assets is computed on a straight-line basis over the terms of the underlying leases.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The cost of replacing part of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

##### Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is evaluated at the cash generating unit (“CGU”) level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of the CGU is the greater of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

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

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### *Exploration and evaluation expenditures*

All costs related to the acquisition, exploration and evaluation of mineral properties are charged to profit or loss as incurred. This includes staged option payments pursuant to an agreement to acquire an interest in a property. Any warrants issued as compensation for acquiring exploration and evaluation assets are valued following the Black-Scholes pricing model, with the amount recognized as an exploration and evaluation expenditure.

The Company may, but to date has not, occasionally enter into arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is recorded as recoveries at the time of receipt and credited against expenditures incurred.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, and the Company has decided to proceed with development, all subsequent payments are capitalized as Mines under Development, whether the cost is an acquisition related option payment, an exploration cost or a development charge. Each period-end thereafter, the Company will assess these assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. If a project is deemed to no longer have commercially viable prospects to the Company, the capitalized costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of estimated recoveries, are written off to profit or loss.

##### Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as equity reserves.

##### Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance certain exploration work in Canada. Pursuant to the terms of flow-through share agreements, the tax deductibility of qualifying resource expenditures is transferred to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income on settlement of flow-through share premium liability and the related deferred tax is recognized as a tax provision.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Flow-through shares (continued)

Proceeds received from the issuance of flow-through shares or units are to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to Part XIII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

##### Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. The Company reclaims all disturbed areas in the field as drill holes are completed.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. As at December 31, 2025 and 2024, the Company had no material rehabilitation obligations.

##### Share-based payments

The Company has a Security Compensation Plan which includes a Stock Option Plan (“SOP”) and a Restricted Share Unit (“RSU”) Plan. The Company occasionally grants stock options to directors, officers, employees and consultants to purchase common shares of the Company. The fair value of the options are recognized as an operating expense with a corresponding increase in equity (deficiency) over the vesting period on a graded basis. The fair value of stock options are measured on the date of grant using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted. Consideration paid for the shares on the exercise of stock options is credited to share capital and the related share-based payments originally recorded as equity reserves are also transferred to share capital at the time of exercise. RSU’s are recognized as share-based compensation expense at the fair value on the day of issuance corresponding to the portion of the RSU which vested.

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

##### Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Income taxes (continued)

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

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

##### Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

##### Leases

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about what constitutes a lease, whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, whether the Company has the right to direct the use of the asset, and the likelihood of exercising a lease extension option, if applicable. Lease payments may include fixed and variable components, but variable payments are generally excluded.

The Company recognized a right-of-use (“ROU”) asset and a lease liability at the commencement of each lease. The lease liability recognized upon lease inception represents the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment.

When a company subleases a ROU asset, it classifies the sublease as an operating lease if the head lease is a short-term lease; otherwise, the sublease is classified as a finance lease. The lessor derecognizes the ROU asset pertaining to the head lease that it transfers to the sublessee at the sublease commencement date but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in the lease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Use of significant judgements and estimates

In preparing these annual consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The Company may hold direct or indirect interests in exploration and evaluation assets. The Company takes steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;
- b) The Company uses the Black-Scholes valuation model to determine the fair value of stock option grants and certain warrants issued under private placements or as a component of compensation related to the acquisition of mineral property interests. The inputs used in the model require estimates of the fair value of the options or warrants, their expected life, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. These estimates impact share-based compensation expense and/or exploration and evaluation expenditures in the profit or loss and share capital and shareholder's equity on the consolidated statements of financial position;
- c) The values of right-of-use assets and lease liabilities require judgements to determine the lease term, the likelihood of an extension option being exercised and the incremental borrowing rate. Such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets, the value of the net investment in sublease and the amounts recognized in profit or loss, including depreciation, rent expense, finance expense and finance income;
- d) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

#### 2. MATERIAL ACCOUNTING POLICIES (continued)

##### Use of significant judgements and estimates (continued)

- e) The assumption that the Company is a going concern and will continue operating for the foreseeable future, being one year, is a judgment.

##### New accounting standards

Beginning January 1, 2025, IAS 21 ‘*The effects of changes in foreign exchange rates*’ was amended with respect to the exchangeability of a foreign currency. As the Company’s foreign currency transactions are mainly in USD, this amendment is not expected to impact the Company’s consolidated financial statements.

There were no other new accounting standards effective for the 2025 fiscal year that had any significant impact on the Company’s consolidated financial statements.

##### Future accounting standards

IFRS 18, “Presentation and Disclosure in Financial Statements”, effective for annual reporting periods beginning on or after January 1, 2027, updates the requirements for presenting and disclosing information in financial statements, primarily focusing on the statement of profit or loss. It introduces three new categories for income and expense items: operating, financing, and investing, along with specified subtotals like “Operating profit or loss”. IFRS 18 also enhances disaggregation guidance and requires companies to disclose management-defined performance measures. Management is currently assessing the effect of this new standard on the Company’s consolidated financial statements.

#### 3. RECEIVABLES

	<b>December 31, 2025</b>	December 31, 2024
GST/ HST recoverable taxes	<b>\$ 11,941</b>	\$ 9,309
Other receivables	-	582
<b>Total receivables</b>	<b>\$ 11,941</b>	\$ 9,891

#### 4. DEPOSITS AND PREPAID EXPENSES

The deposits and prepaid expenses of the Company consist of the following:

	<b>December 31, 2025</b>	December 31, 2024
Rental deposit	<b>\$ 6,040</b>	\$ 6,040
Exploration services retainer	<b>42,988</b>	-
Prepaid web advertising	<b>2,392</b>	-
<b>Total</b>	<b>\$ 51,420</b>	\$ 6,040

**METALLIS RESOURCES INC.**

**Notes to the Consolidated Financial Statements  
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5. EQUIPMENT AND RIGHT-OF-USE ASSETS

<i>Equipment:</i>	<i>Furniture &amp; fixtures</i>	<i>Computers and software</i>	<i>Total</i>
<b>Cost:</b>			
Balance, December 31, 2023 and 2024	\$ 3,692	\$ 23,869	\$ 27,561
Additions	-	2,314	2,314
<b>Balance, December 31, 2025</b>	<b>\$ 3,692</b>	<b>\$ 26,183</b>	<b>\$ 29,875</b>
<b>Accumulated depreciation:</b>			
Balance, December 31, 2023	\$ 2,368	\$ 22,822	\$ 25,190
Additions	265	611	876
Balance, December 31, 2024	2,633	23,433	26,066
Additions	212	558	770
<b>Balance, December 31, 2025</b>	<b>\$ 2,845</b>	<b>\$ 23,991</b>	<b>\$ 26,836</b>
<b>Net Book Value:</b>			
<b>December 31, 2025</b>	<b>\$ 847</b>	<b>\$ 2,192</b>	<b>\$ 3,039</b>
December 31, 2024	\$ 1,059	\$ 436	\$ 1,495

**METALLIS RESOURCES INC.**

**Notes to the Consolidated Financial Statements  
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5. EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

*Right-of-Use assets:*

<b>Cost:</b>	
Balance, December 31, 2023 and 2024	\$ 53,262
Disposal- lease maturity	(53,262)
Addition- lease commenced July 1, 2025	100,446
Derecognize- sublease commenced July 1, 2025	(55,020)
<b>Balance, December 31, 2025</b>	<b>\$ 45,426</b>
<b>Accumulated depreciation:</b>	
Balance, December 31, 2023	\$ 26,634
Additions	17,756
Balance, December 31, 2024	\$ 44,390
Additions	16,563
Disposal- lease maturity	(53,262)
<b>Balance, December 31, 2025</b>	<b>\$ 7,691</b>
<b>Net Book Value:</b>	
<b>December 31, 2025</b>	<b>\$ 37,735</b>
December 31, 2024	\$ 8,872

**METALLIS RESOURCES INC.**

**Notes to the Consolidated Financial Statements  
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6. EXPLORATION AND EVALUATION EXPENSES

**Greyhound Property - Custer County, Idaho, USA**

On February 26, 2024, the Company entered into an option agreement (the “Agreement”) to acquire a 100% interest in the Greyhound Property, a group of 12 patented claims and three patented millsite claims in central Idaho, including the past producing Greyhound and Bulldog high-grade silver/gold mines. Subsequent to the signing of the Agreement, the Company staked an additional 81 mining claims surrounding Greyhound.

The Agreement requires staged payments of US\$670,000 and exploration expenditures of US\$10 million over a ten-year period (the “Option Period”) which began on February 29, 2024 (the “Effective Date”). At any time during the Option Period, the Company may exercise the option to acquire a 100% interest in the Property by paying US\$7.5 million, plus the balance of unpaid option payments remaining from the US\$670,000 at the time of exercise. If the option is not exercised within the Option Period, the agreement shall terminate. If the option is exercised, there is no further requirement to incur exploration in the event that less than US\$10 million has been incurred at the time of exercise. Pursuant to the Agreement, the Company issued a share purchase warrant to the Optionor for the purchase of up to 1,000,000 common shares of the Company at a price of \$0.34 per share for a three-year period.

The following table specifies the above noted obligations:

Date	Option payment (USD)	Minimum exploration expenditures (USD)
On the Effective Date	\$20,000 (paid)	-
1 <sup>st</sup> anniversary	\$35,000 (paid)	-
2 <sup>nd</sup> anniversary	\$55,000 (paid in February 2026)	\$90,000
3 <sup>rd</sup> anniversary	\$75,000	\$200,000
4 <sup>th</sup> anniversary	\$85,000	\$400,000
5 <sup>th</sup> anniversary	\$100,000	\$900,000
6 <sup>th</sup> anniversary	\$60,000	\$1,610,000
7 <sup>th</sup> anniversary	\$70,000	\$1,700,000
8 <sup>th</sup> anniversary	\$80,000	\$1,700,000
9 <sup>th</sup> anniversary	\$90,000	\$1,700,000
10 <sup>th</sup> anniversary	-	\$1,700,000
Total	<b>\$670,000</b>	<b>\$10,000,000</b>

The Optionor retains a 2% Net Smelter Returns Royalty, which may be reduced to 1% by the payment of US\$5 million during the term of the Agreement.

**METALLIS RESOURCES INC.**

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6. EXPLORATION AND EVALUATION EXPENSES (continued)

**Kirkham Property – Golden Triangle, Skeena Mining Division, British Columbia, Canada**

The Kirkham Property (the “Property”) is comprised of 30 mineral claims situated in the “Golden Triangle” region of north-western British Columbia. The Property was assembled by the Company through a series of transactions between 2013 and 2015 including staking, re-staking and acquisitions from third parties. A portion of the mineral claims are subject to third-party Net Smelter Return (“NSR”) royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for \$500,000.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. To the best of its knowledge, the Company's title to all of its mineral claims and properties are in good standing.

The following table details the Company’s total exploration and evaluation expenditures incurred during the years ended December 31, 2025 and 2024:

	<u>Year ended December 31,</u>					
	2025			2024		
	<u>Kirkham</u>	<u>Greyhound</u>	<u>Total</u>	<u>Kirkham</u>	<u>Greyhound</u>	<u>Total</u>
Acquisition costs	\$ -	\$ 50,225	\$ 50,225	\$ -	\$ 90,092	\$ 90,092
Accommodations/camp/travel	-	258,908	258,908	-	30,867	30,867
Assays and lab analysis	-	74,458	74,458	395	26,764	27,159
Community relations	1,500	-	1,500	-	-	-
Drilling	-	859,558	859,558	-	-	-
Field supplies	-	5,782	5,782	-	14,855	14,855
Geological and geophysical	14,906	153,029	167,935	40,062	67,402	107,464
Licenses, claim fees and	3,240	-	3,240	17,123	22,448	39,571
Survey- drone magnetic	-	45,561	45,561	-	-	-
Recoveries- tax credit	-	-	-	(10,876)	-	(10,876)
	<b>\$ 19,646</b>	<b>\$ 1,447,521</b>	<b>\$ 1,467,167</b>	<b>\$ 46,704</b>	<b>\$ 252,428</b>	<b>\$ 299,132</b>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

*Accounts payable and accrued liabilities for the Company are comprised as follows:*

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	<b>\$ 122,242</b>	\$ 2,216
Accrued liabilities	<b>33,000</b>	30,000
	<b>\$ 155,242</b>	\$ 32,216

**METALLIS RESOURCES INC.**

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY (continued)

Following the maturity of the Company's three-year premises lease on June 30, 2025, Company entered into a new three-year premises lease commencing July 1, 2025 at its same head office location. The fixed lease continues at the same rate of \$31/sq. ft. (\$3,488/month) in the 1,350 square foot office for the first two years and rises \$1/sq.ft. in the third year. The fair value estimate of the new lease and initial lease liability was \$100,446, using an incremental borrowing rate of 10%.

Lease liability:	Lease: 7/1/25 – 6/30/28	Lease: 7/1/22 – 6/30/25	Total
Balance, December 31, 2023	\$ -	\$ 57,893	\$ 57,893
Lease payments	-	(41,176)	(41,176)
Accretion of lease liability discount	-	3,779	3,779
Balance, December 31, 2024	-	20,496	20,496
Lease payments	(17,438)	(20,925)	(38,363)
Accretion of lease liability discount	4,687	429	5,116
Addition- lease commencement	100,446	-	100,446
<b>Balance, December 31, 2025</b>	<b>\$ 87,695</b>	<b>\$ -</b>	<b>\$ 87,695</b>
 <u>Lease liability allocation:</u>			
Short-term portion of lease liability	<b>\$ 31,339</b>		
Long-term portion of lease liability	<b>56,356</b>		
<b>Balance, December 31, 2025</b>	<b>\$ 87,695</b>		

*Net investment in sublease:*

Concurrently with the signing of the new lease, the Company signed a new three-year sublease with Etruscus Resources Corp. ("ETR"), a public company related through two common directors and a common officer, for ½ of the office space, consistent with the prior three-year sublease which also matured on June 30, 2025. The net investment in sublease represents the new three-year sublease with ETR which commenced July 1, 2025 at a fixed lease cost of \$1,744 per month, rising to \$1,800 per month in the third year.

**METALLIS RESOURCES INC.**

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY (continued)

*Net investment in sublease: (continued)*

The reconciliation of the Company's net investment in sublease is as follows:

	<b>Year ended December 31, 2025</b>	Year ended December 31, 2024
Balance, beginning of year	\$ 10,248	\$ 28,946
Finance income	2,713	1,889
Addition- lease commencement	55,020	-
Lease payments received	(20,924)	(20,587)
Balance, end of year	\$ 47,057	\$ 10,248

8. LOAN PAYABLE

In February 2024, the Company borrowed \$100,000 from a third party as an unsecured loan bearing interest at 12% per annum, repayable at any time during a one-year period from the date of the loan. There were no shares or warrants issued in connection with the loan. The loan and accrued interest of \$8,500 were repaid in October 2024.

9. SHARE CAPITAL

Authorized: Unlimited common shares, without par value  
 Issued: 85,730,003 common shares (December 31, 2024 - 75,305,003 common shares)

*Transactions in 2025:*

On June 13, 2025, the Company closed a non-brokered private placement financing of \$1,500,000 consisting of 9,375,000 units at a price of \$0.16 per unit. Each unit consisted of one common share and one non-transferable share-purchase warrant exercisable at \$0.26 per share for a three-year period. Proceeds from the financing were mainly used for field exploration work at the Company's Greyhound and Kirkham properties, with the remaining balance for overhead.

Finder's fees of \$42,720 along with 267,000 finder's warrants, also exercisable at a price of \$0.26 per share for a 3-year period, were paid and issued to registered finders, and filing fees of \$12,015 in relation to the financing were incurred. The finders' warrants were valued at \$28,112 under the Black Scholes option model. All shares issued on closing were subject to a regulatory trading hold period expiring four months plus one day from date of issuance.

In addition to the private placement, warrant holders exercised 1,050,000 warrants at \$0.18 per share during the year for total proceeds of \$189,000 (2024 - \$Nil).

**METALLIS RESOURCES INC.**

**Notes to the Consolidated Financial Statements  
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8. SHARE CAPITAL (continued)

*Transactions in 2025: (continued)*

The following parameters for 2025 and 2024 were used to determine the fair value of finders' warrants:

	2025	2024
Risk-free interest rate	2.70%	3.03%
Expected life	3 years	3 years
Annualized volatility	105%	102%
Forfeiture rate	0%	0%
Dividends	0%	0%
Weighted average fair value of options	\$0.11	\$0.09

*Transactions in 2024:*

On April 17, 2024, the Company completed a non-brokered private placement financing of \$514,195 consisting of 7,910,691 common shares at a price of \$0.065 per share. Issuance costs consisted of filings fees of \$3,521. No finders' fees were incurred.

On October 11, 2024, the Company completed a non-brokered private placement financing of \$890,500 consisting of 6,850,000 units a price of \$0.13 per unit. Each unit consists of one common share and one non-transferrable share-purchase warrant exercisable at \$0.18 per share for 3 years. Total issuance costs of \$23,724 were incurred, consisting of a finder's fee of \$9,100, filing fees of \$7,367 and 70,000 warrants that were issued to the registered finder were valued at \$7,257 using the Black Scholes option model. The finder's warrants are also exercisable at \$0.18 per share for a three-year period.

*Stock options:*

At the Company's Annual and Special Meeting ("ASM") on November 13, 2025, the shareholders approved the Company's Amended and Restated 2025 Security-Based Compensation Plan (the "Plan"). Under the Plan, a Stock Option Plan ("SOP") authorizes the Board of Directors to grant stock options to executive officers and directors, employees and consultants. The exercise price of each stock option shall not be less than the discounted market price as calculated and defined in the policies of the TSXV. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors at the time of grant. However, stock options granted to employees or consultants in respect of investor relations activities follow the vesting provisions of the TSX-V, which allow for vesting of options as to no more than 25% of the grant vesting each three months, measured from the date of grant.

**METALLIS RESOURCES INC.**

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9. SHARE CAPITAL (continued)

*Stock options: (continued)*

Share-based compensation of \$54,854 (2024 - \$192,399) was recognized during 2025 upon the grant of 300,000 (2024 - 1,750,000) stock options exercisable at \$0.32 (2024 - \$0.15) per share for a two (2024 - five) year period, which vested upon grant. The following weighted average parameters were used in the Black-Scholes option model to determine the fair value of the option grants:

	2025	2024
Risk-free interest rate	2.63%	3.66%
Expected life	2 years	5 years
Annualized volatility	109%	108%
Forfeiture rate	0%	0%
Dividends	0%	0%
Weighted average fair value of options	\$0.18	\$0.11

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2023	4,250,000	\$ 0.33
Options granted	1,750,000	0.15
Balance, December 31, 2024	6,000,000	\$ 0.28
Options granted	300,000	0.32
Options expired	(350,000)	0.40
Balance, December 31, 2025	5,950,000	\$ 0.27

As at December 31, 2025, the following incentive stock options are outstanding and exercisable:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price (\$)	Weighted remaining contractual life (years)
April 12, 2026	450,000	450,000	0.50	0.28
September 27, 2026	1,800,000	1,800,000	0.39	0.74
August 31, 2027	1,650,000	1,650,000	0.20	1.67
September 2, 2027	300,000	300,000	0.32	1.67
May 14, 2029	1,750,000	1,750,000	0.15	3.37
<b>Total outstanding options</b>	<b>5,950,000</b>	<b>5,950,000</b>		<b>1.78</b>

**METALLIS RESOURCES INC.**

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9. SHARE CAPITAL (continued)

Restricted Share Units:

The Plan also includes a Restricted Share Unit Plan (“RSU Plan”) under which the Board may grant RSUs to directors, officers and employees. RSUs are subject to vesting requirements of up to three years but can be settled by issuing shares from treasury or disbursing cash. RSUs provide a means to earn compensation through an equity plan without making a stock option exercise payment. As at December 31, 2025, no RSU’s had been granted.

The total grants from the SOP and RSU Plans together are limited to 10% of the outstanding common shares of the Company's stock as calculated on the date of grant, with the number of outstanding RSU’s not to exceed 1,500,000.

Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2023	3,852,217	\$ 0.32
Warrants issued	7,920,000	0.20
Balance at December 31, 2024	11,772,217	0.24
Warrants expired	(3,852,217)	0.32
Warrants issued	9,642,000	0.26
Warrants exercised	(1,050,000)	0.18
Balance at December 31, 2025	16,512,000	\$ 0.24

As at December 31, 2025, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price (\$)	Weighted average remaining contractual life (years)
February 26, 2027	1,000,000	0.34	1.16
October 11, 2027	5,870,000	0.18	1.78
June 13, 2028	9,642,000	0.26	2.45
Total	16,512,000		2.13

**METALLIS RESOURCES INC.**

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10. RELATED PARTY TRANSACTIONS

The following related parties, for the years presented, include directors and key management personnel, being officers and directors of the Company, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

- a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer of the Company, provides consulting services to the Company;
- b) Lever Capital Corp., a company owned by the Company's Chief Financial Officer, provides consulting services to the Company;
- c) D. G. Dupre and Associates Inc., is a company that is controlled by the Company's Vice-President of Exploration which provides the Company with geological consulting services, the amounts of which are expensed under exploration and evaluation costs; and
- d) Etruscus Resources Corp. ("ETR"), a public company related through two common directors and a common officer, subleases office space from the Company, shares certain administrative expenses resulting in occasional related party receivables or payables at the end of each period.

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		<b>Transactions for the year ended December 31, 2025</b>	Transactions for the year ended December 31, 2024	<b>Balance payable as at December 31, 2025</b>	Balance payable as at December 31, 2024
Avanti Consulting Inc.	<b>(a)</b>	<b>\$ 144,000</b>	\$ 144,000	\$ -	\$ 18,900
Lever Capital Corp.	<b>(b)</b>	<b>84,000</b>	84,000	-	11,025
D.G. Dupre and Associates Inc.	<b>(c)</b>	<b>12,750</b>	60,000	-	8,650
<b>Total</b>		<b>\$ 288,000</b>	\$ 288,000	\$ -	\$ 38,575

During the year ended December 31, 2025, the Company entered into transactions with ETR as follows:

	Due from ETR, December 31, 2024	Additions	Amounts received	<b>Due from ETR, December 31, 2025</b>
Rent	\$ -	\$ 37,344	\$ 37,344	\$ -
Office expenses, net	3,126	6,573	7,172	<b>2,527</b>
<b>Total</b>	<b>\$ 3,126</b>	<b>\$ 43,917</b>	<b>\$ 44,516</b>	<b>\$ 2,527</b>

The aggregate value of share-based compensation, being the fair value under the Back Scholes model of stock options that were granted to directors and officers, is as follows:

	2025	2024
Share-based compensation to directors and officers	\$ -	\$ 115,439

## METALLIS RESOURCES INC.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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#### 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

*The significant non-cash investing and financing transactions during the year ended December 31, 2025 are as follows:*

Total share issuance costs in respect of the private placement that closed in 2025 were \$82,847, of which \$28,112 is the fair value of 267,000 finders' warrants issued in connection with the private placement, pursuant to the Black Scholes option model.

*The significant non-cash investing and financing transactions during the year ended December 31, 2024 were as follows:*

- a) The Company issued 1,000,000 share purchase warrants to the vendor of the Greyhound property, exercisable at \$0.34 per share for three years. The fair value under the Black Scholes model was \$16,657, recognized as an acquisition cost under exploration and evaluation expenses; and
- b) Share issuance costs for the two private placements completed in 2024 totaled \$27,245 of which \$7,257 was the fair value of a finder's warrant.

#### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, net investment in sublease, accounts payable and accrued liabilities, lease liability and due from/to related parties. All financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

##### Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents, prepaid expenses and deposits, receivables, due from related party and net investment in sublease. As at December 31, 2025, the Company's maximum credit risk is equal to \$260,169. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions. Receivables primarily consist of recoverable Canadian sales and payroll taxes, Canadian mineral exploration tax credits and accrued interest and amounts due from related party, Deposits consist of rent and exploration advances. Management assesses the collectability of all these amounts to be assured.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's operations do not currently generate positive cash flows, and historically the Company has relied on equity financings, and to a lesser extent non-core asset sales, for its capital requirements. As at December 31, 2025, the Company had working capital of \$26,531. The Company raised \$1,262,000 subsequent to December 31, 2025, including \$500,000 of flow-through financing for the Kirkham Property, but the 2026 Greyhound drilling program will require additional financing. While the Company has historically completed many successful financings, there can be no assurance the Company will be able to complete future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

The following are the contractual maturities of financial liabilities as at December 31, 2025:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
Accounts payable and accrued liabilities	\$ 155,242	\$ 155,242	\$ 155,242	\$ -	\$ -
Lease liabilities	87,695	87,695	31,339	35,197	21,159
<b>Total</b>	<b>\$ 242,937</b>	<b>\$ 242,937</b>	<b>\$ 186,581</b>	<b>\$ 35,197</b>	<b>\$ 21,159</b>

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability and accordingly has not needed to enter into any interest rate swaps or other financial arrangements to mitigate exposure to interest rate fluctuations. The Company considers it is not subject to material risks should interest rates rise further.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's subsidiary is denominated in US dollars with most transactions of the subsidiary being US dollars, and the Company is therefore subject to foreign exchange risk. A 5% change in foreign exchange would have an impact on profit and loss of approximately +/- \$73,000. The Company does not hedge its foreign exchange risks and considers its foreign currency risk as manageable and not onerous. Management therefore considers the foreign exchange risk derived from currency conversions to be not material.

**METALLIS RESOURCES INC.**

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13. CAPITAL MANAGEMENT

The Company endeavors to maintain appropriate levels of capital and liquidity. Sufficient liquidity is required to meet liabilities and financial obligations as they become due. The Company has no commercial operations or source of revenue, no long-term debt other than a lease liability, and no externally imposed capital requirements. The Company's capital is its issued share capital. The capital required for operations and property exploration is expected to continue to come from the issuance of common shares or units, for the foreseeable future. The Company's objectives of capital and liquidity management are to fund critical exploration work, meet on-going liabilities, maintain creditworthiness, minimize shareholder dilution and to ultimately maximize returns for shareholders over the long term.

There were no changes in the Company's capital management objectives during the year ended December 31, 2025.

The Company is not subject to externally imposed capital requirements.

14. INCOME TAXES

*A reconciliation of income taxes at statutory rates with the reported taxes is as follows:*

	Years ended December 31,	
	2025	2024
Loss for the year	\$ (2,097,799)	\$ (1,041,144)
Expected income tax (recovery)	\$ (566,000)	\$ (281,000)
Change in statutory, foreign tax, foreign exchange rates and other	(150,000)	14,000
Permanent difference	25,000	52,000
Impact of flow-through shares	-	-
Share issuance costs	(5,000)	(5,000)
Impact of change on accounting policy for exploration and evaluation assets	-	-
Adjustment to prior year provision verses statutory tax returns	36,000	27,000
Change in unrecognized deductible temporary differences	660,000	193,000
Total income tax expense (recovery)	\$ -	\$ -

*The significant components of the Company's deferred tax assets and liabilities are as follows:*

	2025	2024
Deferred Tax Assets (Liabilities):		
Exploration and evaluation expenses	\$ 2,036,000	\$ 1,728,000
Non-capital losses	(2,036,000)	(1,728,000)
Net deferred tax liability	\$ -	\$ -

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14. INCOME TAXES (continued)

*The significant components of the Company's deferred tax assets and liabilities that have not been included on the consolidated statements of financial position are as follows:*

	2025	2024
Deferred Tax Assets (Liabilities):		
Exploration and evaluation assets	\$ 2,036,000	\$ 1,728,000
Property and equipment	10,000	9,000
Share issue costs	10,000	8,000
Allowable capital losses	28,000	28,000
Sublease and lease liability	3,000	3,000
Non-capital losses available for future periods	3,074,000	2,917,000
	5,161,000	4,693,000
Unrecognized deferred tax assets	(5,161,000)	(4,693,000)
	\$ -	\$ -
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2025	Expiry dates	2024	Expiry dates
Temporary Differences:	\$		\$	
Exploration and evaluation assets	7,916,000	No expiry date	6,449,000	No expiry date
Property and equipment	37,000	No expiry date	35,000	No expiry date
Share issuance costs	37,000	2046 to 2049	29,000	2045 to 2048
Allowable capital losses	102,000	No expiry date	102,000	No expiry date
Sublease and lease liability	10,000	No expiry date	10,000	No expiry date
Non-capital losses available for future periods	11,384,000	2030 to 2045	10,809,000	2029 to 2044

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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15. SEGMENTED INFORMATION

The Company currently operates in the geographic segments of Canada and the United States. All of the Company's non-current assets are located in Canada.

The segmented operating loss for the years ended December 31, 2025 and 2024 is as follows:

	Canada		USA		Total	
	Year ended		Year ended		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Consulting fees	\$ 366,520	\$ 342,500	\$ -	\$ -	\$ 366,520	\$ 342,500
Exploration and evaluation exp	19,646	63,361	1,447,521	235,771	1,467,167	299,132
Depreciation	17,333	18,632	-	-	17,333	18,632
Share-based compensation	54,854	192,399	-	-	54,854	192,399
Other operating costs	198,459	185,130	6,633	3,537	205,092	188,667
<b>Loss from operations</b>	<b>\$ 656,812</b>	<b>\$ 802,022</b>	<b>\$ 1,454,154</b>	<b>\$ 239,308</b>	<b>\$ 2,110,966</b>	<b>\$ 1,041,330</b>

16. EVENTS AFTER THE REPORTING PERIOD

*Property option:*

During February 2026, the Company paid the 2nd anniversary Greyhound Property option of US\$55,000.

*Financing:*

Subsequent to December 31, 2025, the Company completed a private placement of \$1,262,000, resulting in the issuance of 4,762,500 non-flow-through units at a price of \$0.16 per unit for proceeds of \$762,000, and 2,500,000 flow-through common shares at a price of \$0.20 per flow-through share for proceeds of \$500,000. The Financing resulted in the issuance of a total of 7,262,500 shares.

Each non-flow-through unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.26 per share for a period of three years.

The flow-through shares issued will qualify as "flow-through shares" for the purpose of the Income Tax Act (Canada) (the "Act"). All flow-through proceeds will be used to incur "Canadian exploration expenses" (within the meaning of the Act). The Company will renounce these expenses to the purchasers with the effective date of no later than December 31, 2026, in accordance with the requirements of the Act.

Shares and warrants issued on closing are subject to a trading hold period expiring four months plus one day from the date of issuance. Finder fees of \$7,280 along with 45,500 finder's warrants, also exercisable at a price of \$0.26 per share for a period of three years, were paid to registered finders.

Proceeds from the flow-through shares will be used for qualifying expenditures at the Kirkham Property in northwest British Columbia. Proceeds from the non-flow-through units will be used to advance exploration activities at both the Company's Greyhound and Kirkham properties, as well as for general corporate purposes.

**METALLIS RESOURCES INC.**

**Notes to the Consolidated Financial Statements  
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16. EVENTS AFTER THE REPORTING PERIOD (continued)

*Appointment:*

On March 1, 2026, the Board of Directors appointed Mr. Dave Nuttal as its Vice-President of Exploration, replacing Mr. Dave Dupre who served in the capacity for 13 years. Mr. Dupre will continue to support the Company as a member of the Company's Technical Advisory Board and remains a director of the Company.

*Stock option grant:*

On March 9, 2026, the Board of Directors approved the grant of 1,850,000 incentive stock options (the "Options") to its directors, officers and certain consultants at an exercise price of \$0.18 per share, exercisable for a five-year period. Directors and officers received grants totaling 1,350,000 options and consultants received grants totaling 500,000 options. Along with previously granted and unexercised stock options that remain outstanding, the Company now has 7,350,000 outstanding stock options, representing 7.90% of the Company's outstanding common shares.

Subsequent to December 31, 2026, 450,000 stock options exercisable at \$0.50 per share expired.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current presentation. There is no impact on net loss or the statements of financial position.