



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



Independent Auditor's Report

To the Shareholders of Riley Gold Corp.

Opinion

We have audited the consolidated financial statements of Riley Gold Corp. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with 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 is sufficient and appropriate to provide a basis for our opinion.

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 for the year ended December 31, 2025. 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.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. Impairment indicators were identified by management for the Tokop Gold property. An impairment charge of \$ 3,931,187 was recorded against the balance of exploration and evaluation assets recorded to the Tokop Gold property. No impairment indicators were identified by management for the Pipeline West/Clipper Gold and Rattlesnake properties as of December 31, 2025.

This matter was significant to our audit because the impairment of \$ 3,931,187 represented a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 2 and Note 3 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all option agreements, confirmed the details of the option agreements with counterparties and confirmed exploration claim listings included in option agreements with the related mining authorities.
- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Other Information

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

Our opinion on the 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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



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

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

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

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

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



D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

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

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

Vancouver, B.C.
April 28, 2026

"D&H Group LLP"

Chartered Professional Accountants

RILEY GOLD CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian Dollars)

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 1,402,218	\$ 2,224,246
Prepaid expenses	27,590	24,281
Receivables	34,136	62,846
Total Current Assets	<u>1,463,944</u>	<u>2,311,373</u>
Non-current Assets		
Deposits and bonds (Note 5)	45,064	47,310
Right-of-use asset (Note 7)	47,586	129,164
Exploration and evaluation assets (Note 3)	272,315	4,134,740
Equipment (Note 6)	5,456	9,177
Total Non-current Assets	<u>370,421</u>	<u>4,320,391</u>
Total Assets	<u>\$ 1,834,365</u>	<u>\$ 6,631,764</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 52,882	\$ 41,584
Lease liability (Note 8)	54,297	85,282
Total Current Liabilities	<u>107,179</u>	<u>126,866</u>
Non-current Liabilities		
Lease liability (Note 8)	-	54,297
Total Non-current Liabilities	<u>-</u>	<u>54,297</u>
Total Liabilities	<u>\$ 107,179</u>	<u>\$ 181,163</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	7,444,946	7,444,946
Contributed surplus	746,781	685,932
Currency translation adjustment	473,524	501,454
Deficit	(6,938,065)	(2,181,731)
	<u>1,727,186</u>	<u>6,450,601</u>
	<u>\$ 1,834,365</u>	<u>\$ 6,631,764</u>

NATURE OF OPERATIONS (Note 1)
EVENTS AFTER THE REPORTING PERIOD (Note 14)

These consolidated financial statements were approved for issue by the Board of Directors on April 28, 2026 and are signed on its behalf by:

Approved by "Todd Hilditch", Director "Richard DeLong", Director

RILEY GOLD CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian Dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
EXPENSES		
Amortization (Notes 6 and 7)	\$ 84,483	\$ 81,578
Consulting fees (Note 11)	431,530	402,018
Exploration expense	74,624	-
Insurance expense	18,471	26,020
Interest and bank charges	13,147	20,677
Office supplies and rent (Note 11)	16,357	10,964
Professional fees (Note 11)	54,351	142,276
Shareholder reporting	3,026	28,533
Share-based payments (Note 11)	60,849	175,583
Transfer agent and filing fees	42,580	47,726
Travel	39,557	25,202
NET LOSS BEFORE OTHER ITEMS	<u>(838,975)</u>	<u>(960,577)</u>
Exploration and evaluation asset impairment	(3,931,187)	(230,832)
Foreign exchange gain (loss)	(54,958)	124,362
Other income	12,105	-
Interest income	56,681	100,086
NET LOSS FOR THE YEAR	<u>(4,756,334)</u>	<u>(966,961)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Currency translation adjustment	<u>(27,930)</u>	<u>341,255</u>
COMPREHENSIVE LOSS FOR THE YEAR	<u>(4,784,264)</u>	<u>(625,706)</u>
LOSS PER SHARE, BASIC AND DILUTED	\$ <u>(0.11)</u>	\$ <u>(0.02)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	<u>42,182,880</u>	<u>39,669,219</u>

RILEY GOLD CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Currency Translation Adjustment	Deficit	Total Equity
Balance, December 31, 2023	32,182,880	\$ 5,997,039	\$ 510,349	\$ 160,199	\$ (1,214,770)	\$ 5,452,817
Share-based payments	-	-	175,583	-	-	175,583
Share issuance cost	-	(52,093)	-	-	-	(52,093)
Private placement issued	10,000,000	1,500,000	-	-	-	1,500,000
Net loss for the year	-	-	-	-	(966,961)	(966,961)
Currency translation adjustment	-	-	-	341,255	-	341,255
Balance, December 31, 2024	42,182,880	\$ 7,444,946	\$ 685,932	\$ 501,454	\$ (2,181,731)	\$ 6,450,601
Balance, December 31, 2024	42,182,880	\$ 7,444,946	\$ 685,932	\$ 501,454	\$ (2,181,731)	\$ 6,450,601
Share-based payments	-	-	60,849	-	-	60,849
Net loss for the year	-	-	-	-	(4,756,334)	(4,756,334)
Currency translation adjustment	-	-	-	(27,930)	-	(27,930)
Balance, December 31, 2025	42,182,880	\$ 7,444,946	\$ 746,781	\$ 473,524	\$ (6,938,065)	\$ 1,727,186

RILEY GOLD CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian Dollars)

	Year ended December 31, 2025	Years ended December 31, 2024
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss for the year	\$ (4,756,334)	\$ (966,961)
Item not affecting cash		
Amortization	84,483	81,578
Exploration and evaluation asset impairment	3,931,187	230,832
Share-based payments	60,849	175,583
Interest on lease liability	10,135	18,149
Changes in non-cash working capital accounts:		
Prepaid expenses	(3,309)	(321)
Receivables	28,710	(29,463)
Accounts payable and accrued liabilities	8,349	(510,493)
	<u>(635,930)</u>	<u>(1,001,096)</u>
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>(64,997)</u>	<u>(240,272)</u>
	<u>(64,997)</u>	<u>(240,272)</u>
FINANCING ACTIVITIES		
Payments on lease liability	(95,417)	(94,061)
Private placement proceeds	-	1,500,000
Exploration and evaluation expenditures reimbursement	-	140,231
Share issue costs	-	(52,093)
	<u>(95,417)</u>	<u>1,494,077</u>
Effect of foreign exchange on cash	<u>(25,684)</u>	<u>7,241</u>
NET CHANGE IN CASH	(822,028)	259,950
CASH, BEGINNING OF YEAR	<u>2,224,246</u>	<u>1,964,296</u>
CASH, END OF YEAR	\$ <u><u>1,402,218</u></u>	\$ <u><u>2,224,246</u></u>

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Riley Gold Corp. (the “Company” or “Riley”) is an exploration and development company with interests in Nevada, United States. The Company was incorporated under the Business Corporations Act (British Columbia) on June 3, 2011. The Company’s office is located at Suite 2390 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”, or the “Exchange”) under the trading symbol RLYG and on the OTCQB Venture Market under the symbol RLYGF.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company’s consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in this note. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary: RRC Exploration Inc. The financial statements of the Company’s subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses, have been eliminated upon consolidation.

The consolidated financial statements include the financial statements of the Company and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
RRC Exploration Inc.	USA	US dollar	100%	Exploration company

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency. The functional currency of the Company's wholly-owned subsidiary, RRC Exploration Inc., is the US dollar.

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities, at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at different rates from those at which they are translated on initial recognition during the period or in previous consolidated financial statements are recognized in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of RRC Exploration Inc. are expressed in Canadian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as a currency translation adjustment in equity.

(e) Critical judgments and sources of estimation uncertainty

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

Critical Judgments

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

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(e) Critical judgments and sources of estimation uncertainty (cont'd)

- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Company's entities' functional currencies are the Canadian dollar and the US dollar, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. If no single currency is clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.
- (iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimation Uncertainty

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

- (i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (ii) The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management determined that an impairment charge of \$3,931,187 needs to be recorded for the current year end.
- (iii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at December 31, 2025 and 2024, there were no decommissioning liabilities.
- (iv) The valuation of share-based payments is determined using the Black-Scholes Option Pricing Model. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's net loss and equity reserves.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(e) Critical judgments and sources of estimation uncertainty (cont'd)

(v) The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include assessing lease agreements to determine the contract term and interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the Company's borrowing rate, observed in the period when the lease agreement commences or is modified.

(f) Cash

Cash consists of cash and money market instruments with terms to maturity not exceeding 90 days at date of acquisition.

(g) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective-interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(h) Equipment

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment is amortized on a straight-line basis over its estimated useful life (5 years).

(i) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and accrued liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Accounts payable and accrued liabilities are initially recorded at fair value and subsequently measured at amortized cost using the effective-interest method.

(j) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and, accordingly, follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(j) Exploration and evaluation assets (cont'd)

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received, or receivable, are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. Any exploration expenditures that are not expected to be recovered are charged to the results of operations.

(k) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less cost of disposal and value in use. Fair value is determined by the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit 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 the profit or loss for the period.

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

(l) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(l) Financial instruments (cont'd)

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Receivables, accounts payable and accrued liabilities and lease liability are classified as amortized cost.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Cash is classified as FVTPL.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise. There are currently no financial assets or liabilities classified as FVOCI.

(iii) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, is measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income.

(m) Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using an option pricing model which considers the following factors:

- | | |
|---------------------------|---|
| - Exercise price | - Expected life of the award |
| - Expected volatility | - Current market price of the underlying shares |
| - Risk-free interest rate | - Expected forfeitures |

(n) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

(o) Equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

(p) Current and deferred 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 or other comprehensive income (loss). Current tax expense, if any, is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for goodwill that are not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the 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, it provides a valuation allowance against that excess.

(q) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the income (loss) of the Company, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, except when the adjustment is anti-dilutive.

(r) Right-of-use assets and lease liabilities

The Company recognizes a right-of-use asset and corresponding lease liability upon lease commencement, unless the lease term is less than twelve months or the asset is of low-value. The right-of-use asset is initially measured at the amount of the lease liability and subsequently amortized using the straight-line method. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if this rate cannot be determined, the incremental borrowing rate is used. The lease liability is subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is amortized on a straight line over the three-year term of the lease.

RILEY GOLD CORP.

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3. EXPLORATION AND EVALUATION ASSETS

Pipeline West/Clipper Gold Property

The Company has the following agreements in relation to the Pipeline West/Clipper Gold Property:

- a) On March 14, 2024, the Company entered into an exploration and venture option agreement (the "Exploration Agreement") with Kinross Gold U.S.A., Inc. ("Kinross") granting Kinross the right to earn up to a 75% interest in the Company's Pipeline West/Clipper Gold Property by spending a minimum of US\$20 million, as further set out below:
- Reimbursement of Expenditures: Within 60 days, Kinross will reimburse a total of US\$104,355 to Riley for 2023/2024 land holding costs (received).
 - First Earn-In Right: Kinross will assume operatorship of the project and can earn an initial 60% interest in the Pipeline West/Clipper Gold Property (the "Initial Earn-In Option") by incurring a minimum of US\$10 million in qualifying work expenditures, subject to upward adjustment in accordance with the Agreement, within five years as follows:
 - US\$1.5 million in guaranteed work expenditures on or before 18 months following execution of the Agreement (the "Effective Date") which shall include a minimum of 2,200 meters of core drilling (within three geographically distinct targets) (completed).
 - An additional US\$2.5 million in work expenditures on or before the 3rd anniversary of the Effective Date.
 - An additional US\$2.0 million in work expenditures on or before the 4th anniversary of the Effective Date.
 - An additional US\$4.0 million in work expenditures on or before the 5th anniversary of the Effective Date.
 - Second Earn-In Right: Kinross shall have the right to earn an additional 15% interest in the Pipeline West/Clipper Gold Property (for a total 75% interest) (the "Second Earn-In Option") by incurring a minimum US\$10 million in qualifying work expenditures within an additional two-year period following exercise of the Initial Earn-In Option.
 - Project Technical Committee: A Project Technical Committee to be formed including members of both Riley and Kinross.
 - Joint Venture: Upon exercise of the Initial Earn-in Option, a Nevada limited liability company (the "LLC") will be formed through which Kinross and Riley will hold their respective interests in the Pipeline West/Clipper Gold Property. Upon exercise or termination of the Second Earn-in Option, Kinross and Riley will fund the on-going operations of the LLC in accordance with their proportionate interests, subject to standard dilution.
 - Dilution Provision: Should Riley's interest in the LLC be diluted to 10% or less, the Company's interest will be converted to a 2% NSR royalty.
- b) The Company entered into an option agreement ("Option Agreement") on September 30, 2020, whereby the landowners have granted Riley the option to purchase a 100% interest in certain patented and unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments (over a ten-year term) as follows:

- US\$57,146 within two (2) weeks of the execution of the Option Agreement (paid);
- US\$20,000 on or before September 30, 2021 (paid);
- US\$20,000 on or before September 30, 2022 (paid);
- US\$25,000 on or before September 30, 2023 (paid);
- US\$30,000 on or before September 30, 2024 (paid by Kinross);
- US\$30,000 on or before September 30, 2025 (paid by Kinross);
- US\$40,000 on or before September 30, 2026;
- US\$40,000 on or before September 30, 2027; and
- US\$790,000 thereafter.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Pipeline West/Clipper Gold Property (cont'd)

Work commitment expenditures (over a ten-year term) as follows:

- US\$200,000 on or before September 30, 2023 (completed);
- US\$200,000 on or before September 30, 2024 (completed);
- US\$250,000 on or before September 30, 2025 (completed by Kinross);
- US\$250,000 on or before September 30, 2026 (completed by Kinross);
- US\$300,000 on or before September 30, 2027 (completed by Kinross); and
- US\$1,450,000 thereafter.

On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on certain unpatented mining claims and an NSR royalty of 1.5% on certain patented mining claims.

- c) The Company entered into two separate mining lease agreements (“Lease Agreements”) on May 12, 2021, whereby the landowners have granted Riley the right to their 100% interest in certain unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments (over a ten-year term) as follows:

- US\$10,000 within five (5) days of the execution of the Lease Agreements (paid);
- US\$25,000 on or before May 12, 2022 (paid);
- US\$26,000 on or before May 12, 2023 (paid);
- US\$27,000 on or before May 12, 2024 (paid by Kinross);
- US\$28,000 on or before May 12, 2025 (paid by Kinross);
- US\$29,000 on or before May 12, 2026;
- US\$30,000 on or before May 12, 2027; and
- US\$130,000 thereafter.

Work commitment expenditures (over a ten-year term) as follows:

- US\$25,000 on or before May 12, 2024 (completed);
- US\$50,000 on or before May 12, 2025 (completed by Kinross);
- US\$100,000 on or before May 12, 2026 (completed by Kinross);
- US\$100,000 on or before May 12, 2027 (completed by Kinross); and
- US\$1,000,000 thereafter.

On the commencement of commercial production, the minimum lease payments shall terminate and be replaced with a 4.0% gross smelter return royalty (“GSR”) which Riley has the right to buy down to a 2% GSR at varying amounts adjusted for inflation.

- d) On November 21, 2022, the Company entered into an Investment Agreement and Royalty Agreements with Osisko whereby the Company granted, where applicable, a direct NSR royalty interest on land owned by the Company and an overriding NSR royalty interest on land currently held under option or lease by the Company, that includes a 2.0% NSR royalty on the Pipeline West/Clipper Gold Property and a 0.5% NSR royalty on the Tokop Gold Project. The Company has also assigned to Osisko certain rights to buy-back NSR royalties (ranging from 0.75% to 1.5%) from current landowners on specific claims within the Pipeline West/Clipper Gold Property. Additionally, the Company provided Osisko a right of first offer and a right of first refusal on the sale of royalties or streams on the Pipeline West/Clipper Gold Property and the Tokop Gold Property. In accordance with the Investment Agreement entered into by Osisko and the Company, consideration of US\$2,600,000 was paid to Riley on closing. During the year ended December 31, 2022, proceeds of \$625,248 were credited against the Pipeline West/Clipper Gold Property in connection with this transaction.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Tokop Gold Property

The Company had the following agreements in relation to the Tokop Gold Property:

- a) The Company entered into a purchase agreement ("PA") on September 30, 2020 to acquire a 100% interest in certain leased patented mining claims, leased unpatented mining claims and owned unpatented mining claims located in Esmeralda County, Nevada. Under the PA, the Company must incur the following:
- Pay US\$13,000 on execution of the letter of intent (paid);
 - Pay US\$15,000 on or before September 30, 2021 (paid);
 - Grant a net smelter return ("NSR") royalty of 0.5% on the Tokop Gold Property which the Company has an option to purchase at any time prior to commercial production for US\$500,000 (royalty granted); and
 - Pay minimum lease payments (over a ten-year term) as follows:
 - US\$10,000 on or before January 1, 2021 (paid);
 - US\$15,000 on or before January 1, 2022 (paid);
 - US\$20,000 on or before January 1, 2023 (paid);
 - US\$5,000 on or before January 1, 2024 (as amended on November 30, 2023) (paid);
 - US\$7,500 on or before January 1, 2025 (as amended on November 30, 2023) (paid);
 - US\$7,500 on or before January 1, 2026 (as amended on November 30, 2023);
 - US\$10,000 on or before January 1, 2027 (as amended on November 30, 2023); and
 - US\$90,000 thereafter.

The majority of the Company's mineral interests acquired under the PA are subject to a 3.0% NSR.

- b) The Company entered into a mining lease and option to purchase agreement ("MLOP Agreement") on September 30, 2020, whereby the landowner will lease and grant the option to purchase its 100% interest in certain patented and unpatented mining claims ("Nevada Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a fifteen-year term) as follows:

- US\$25,000 any time after January 1, 2021 but prior to January 7, 2021 (paid).
- US\$35,000 on or before September 30, 2021 (paid);
- US\$45,000 on or before September 30, 2022 (paid);
- US\$55,000 on or before September 30, 2023 (paid);
- US\$65,000 on or before September 30, 2024 (paid);
- US\$100,000 on or before September 30, 2025;
- US\$150,000 on or before September 30, 2026;
- US\$200,000 on or before September 30, 2027; and
- US\$3,050,000 thereafter.

Work commitment expenditures:

- US\$50,000 on or before September 30, 2022 (completed);
- US\$100,000 on or before September 30, 2023 (completed);
- US\$200,000 on or before September 30, 2024 (completed); and
- US\$300,000 on or before September 30, 2025 (completed).

The Company shall grant an NSR royalty of 4.0% on the Nevada Property which the Company has an option to purchase 2.0% of the 4.0% royalty at any time for US\$4,000,000. The Company has the option to purchase the Nevada Property outright for US\$4,000,000 prior to or on the tenth anniversary of the execution of the MLOP Agreement and for US\$6,500,000 prior to or on the fifteenth anniversary of the execution of the MLOP Agreement.

RILEY GOLD CORP.

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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Tokop Gold Property (cont'd)

- c) The Company entered into an exploration and option agreement ("MGC Agreement") on November 25, 2020, whereby the landowner has granted Riley the option to purchase a 100% interest in certain unpatented mining claims ("MGC Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a twenty-year term) as follows:

- US\$12,788 within two (2) weeks of the execution of the MGC Agreement (paid);
- US\$10,000 on or before November 25, 2021(paid);
- US\$20,000 on or before November 25, 2022 (paid);
- US\$5,000 on or before November 25, 2023 (On November 24, 2023, the MGC Agreement was amended whereby this payment was reduced from US\$30,000 to US\$5,000) (paid);
- US\$5,000 on or before November 25, 2024 (On July 29, 2024, the MGC Agreement was amended whereby this payment was reduced from US\$65,000 to US\$5,000) (paid);
- US\$10,000 on or before November 25, 2025 (On July 29, 2024, the MGC Agreement was amended whereby this payment was reduced from US\$50,000 to US\$10,000);
- US\$15,000 on or before November 25, 2026 through the tenth anniversary (On July 29, 2024, the MGC Agreement was amended whereby these payments were reduced from US\$75,000 to US\$15,000); and
- US\$25,000 thereafter (On July 29, 2024, the MGC Agreement was amended whereby these payments were reduced from US\$100,000 to US\$25,000).

Work commitment expenditures:

- US\$5,000 on or before November 25, 2021 (completed).

During the first 10 years of the 20-year term, the Company may exercise its option by making a lump sum payment of US\$500,000. On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on the MGC Property. For further information on this lease agreement, please see the Rattlesnake East Property below.

- d) In addition to the agreements above, the Company staked 283 unpatented mining claims.
- e) On November 21, 2022, the Company entered into an Investment Agreement and Royalty Agreement with Osisko Gold Royalties Ltd ("Osisko") whereby the Company granted, where applicable, a direct NSR royalty interest on land owned by the Company and an overriding NSR royalty interest on land currently held under option or lease by the Company of 0.5% on the Tokop Gold Property. Refer to the Pipeline West/Clipper Gold Property for more details. During the year ended December 31, 2022, proceeds of \$677,200 were credited against the Tokop Gold Property in connection with this transaction.

Impairments

The Company recorded an impairment on the Tokop Gold Property for the full carrying amount of \$3,931,187 as at December 31, 2025. On May 26, 2025, the Company terminated all agreements related to the Tokop Gold Property.

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Rattlesnake Property:

On August 19, 2025, the Company elected to retract its termination notice regarding the MGC Agreement with the permission of the landowner (previously categorized under the Tokop Gold Property). The MGC Agreement details are below:

- a) The Company entered into an exploration and option agreement ("MGC Agreement") on November 25, 2020, whereby the landowner has granted Riley the option to purchase a 100% interest in certain unpatented mining claims ("MGC Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a twenty-year term) as follows:

- US\$12,788 within two (2) weeks of the execution of the MGC Agreement (paid);
- US\$10,000 on or before November 25, 2021(paid);
- US\$20,000 on or before November 25, 2022 (paid);
- US\$5,000 on or before November 25, 2023 (On November 24, 2023, the MGC Agreement was amended whereby this payment was reduced from US\$30,000 to US\$5,000) (paid);
- US\$5,000 on or before November 25, 2024 (On July 29, 2024, the MGC Agreement was amended whereby this payment was reduced from US\$65,000 to US\$5,000) (paid);
- US\$10,000 on or before November 25, 2025 (On July 29, 2024, the MGC Agreement was amended whereby this payment was reduced from US\$50,000 to US\$10,000) (paid);
- US\$15,000 on or before November 25, 2026 through the tenth anniversary (On July 29, 2024, the MGC Agreement was amended whereby these payments were reduced from US\$75,000 to US\$15,000); and
- US\$250,000 thereafter (On July 29, 2024, the MGC Agreement was amended whereby these payments were reduced from US\$1,000,000 to US\$250,000).

Work commitment expenditures:

- US\$5,000 on or before November 25, 2021 (completed).

During the first 10 years of the 20-year term, the Company may exercise its option by making a lump sum payment of US\$500,000. On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on the MGC Property

- b) In addition to the MGC Agreement, the Company maintained 123 unpatented mining claims in the surrounding area.

RILEY GOLD CORP.

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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Exploration and evaluation asset activity during the year:

	Year Ended December 31, 2025	Activity	Year Ended December 31, 2024	Activity	Year Ended December 31, 2023
TOKOP GOLD PROPERTY					
Property acquisition costs and option payments	\$ 606,254	\$ 10,763	\$ 595,491	\$ 95,457	\$ 500,034
Property maintenance costs	410,597	-	410,597	114,536	296,061
Environmental and permitting	89,574	-	89,574	1,034	88,540
Geophysical surveys	103,604	-	103,604	-	103,604
Geological Consulting	717,551	-	717,551	-	717,551
Assays and analysis	223,442	-	223,442	-	223,442
Drilling	1,575,750	-	1,575,750	-	1,575,750
Communications, field supplies and expenses	393,122	4,620	388,502	6,098	382,404
Allocation of royalty sale proceeds	(677,200)	-	(677,200)	-	(677,200)
Impairment	(3,931,187)	(3,931,187)	-	-	-
Currency translation adjustment	488,493	(10,641)	499,134	310,640	188,494
	<u>-</u>	<u>(3,926,445)</u>	<u>3,926,445</u>	<u>527,765</u>	<u>3,398,680</u>
RATTLESNAKE PROPERTY					
Property acquisition costs and option payments	\$ 13,950	\$ 13,950	\$ -	\$ -	\$ -
Property maintenance costs	48,805	48,805	-	-	-
Geological Consulting	10,985	10,985	-	-	-
Communications, field supplies and expenses	901	901	-	-	-
Currency translation adjustment	(732)	(732)	-	-	-
	<u>73,909</u>	<u>73,909</u>	<u>-</u>	<u>-</u>	<u>-</u>
PIPELINE WEST/CLIPPER GOLD PROPERTY					
Property acquisition costs and option payments	\$ 185,012	\$ -	\$ 185,012	\$ (72,206)	\$ 257,218
Property maintenance costs	133,860	-	133,860	(68,551)	202,411
Geological survey	71,719	-	71,719	(54)	71,773
Geological consulting	247,273	-	247,273	-	247,273
Assays and analysis	102,650	-	102,650	-	102,650
Communications, field supplies and expenses	57,930	-	57,930	1,058	56,872
Allocation of royalty sale proceeds	(625,248)	-	(625,248)	-	(625,248)
Currency translation adjustment	25,210	(9,889)	35,099	19,550	15,549
	<u>198,406</u>	<u>(9,889)</u>	<u>208,295</u>	<u>(120,203)</u>	<u>328,498</u>
TOTAL EXPLORATION AND EVALUATION ASSETS	\$ 272,315	\$ (3,862,425)	\$ 4,134,740	\$ 407,562	\$ 3,727,178

RILEY GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SHARE CAPITAL

(a) Authorized

At December 31, 2025, the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) Issued Share Capital

During the year ended December 31, 2025, no share capital was issued.

On April 2, 2024, the Company closed a non-brokered private placement of 10,000,000 units at \$0.15 per unit for total gross proceeds of \$1,500,000. Under the private placement, Kinross Gold Corporation subscribed for a 9.9% ownership interest in the Company on a partially diluted basis including share purchase warrants (the "Kinross Investment"). Additionally, Kinross has the right, until such time as it holds less than a 3.5% interest in the Company, to maintain, on a pro rata basis, its percentage ownership interest in the Company up to a maximum of 19.9% should the Company undertake any future equity offerings.

Each Kinross Investment unit is comprised of one common share of the Company and one share purchase warrant (a "Kinross Warrant"). Each Kinross Warrant will entitle Kinross Gold Corporation to purchase for a period of sixty (60) months one additional share at an exercise price of \$0.25. If, at any time during the warrant term, Kinross terminates the Exploration Agreement, any unexercised Kinross Gold Corporation warrants shall immediately expire and terminate concurrently with the termination of the Exploration Agreement. The remaining private placement units were comprised of one share and one share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase for a period of twenty-four (24) months one additional share at an exercise price of \$0.25.

(c) Stock Options

The Company has a share purchase option plan under which directors, officers, employees and consultants of the Company are eligible to receive share purchase options. The aggregate number of shares available to be issued upon the exercise of all share purchase options granted under the plan shall not exceed 10% of the issued and outstanding shares of the Company. The plan limits the maximum number of share purchase options issuable in any one 12-month period to any one optionee to 5% of the total common shares outstanding. The Board of Directors shall determine the terms and provisions of the options at the time of grant. The exercise price of each share purchase option shall not be less than the market price of the common shares on the date of the grant less the discount permitted by the Exchange. The maximum term of share purchase options shall not exceed 10 years, or such other term as permitted by the Exchange.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measures of the fair value of the Company's share purchase options.

As of December 31, 2025, the Company had outstanding share purchase options enabling holders to acquire common shares of the Company as follows:

Number	Vested	Exercise Price per share	Expiry date
100,000	100,000	\$0.28	March 5, 2026
50,000	50,000	\$0.23	March 30, 2026
100,000	100,000	\$0.25	April 11, 2027
25,000	18,750	\$0.22	July 30, 2027
575,000	575,000	\$0.21	April 6, 2028
240,000	240,000	\$0.145	September 20, 2028
1,180,000	1,180,000	\$0.22	April 5, 2029
200,000	100,000	\$0.175	February 11, 2030
2,470,000	2,363,750		

RILEY GOLD CORP.

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4. SHARE CAPITAL (Cont'd)

(c) Stock Options (cont'd)

A summary of the Company's options and the changes for the year are as follows:

	December 31, 2025		December 31, 2024	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of the year	4,025,000	\$0.22	2,820,000	\$0.21
Granted	200,000	0.175	1,205,000	0.22
Expired	(1,755,000)	0.10	-	-
Outstanding, end of the year	2,470,000	\$0.21	4,025,000	\$0.22

During the year ended December 31, 2025, the Company granted 200,000 stock options to a certain consultant of the Company. These stock options vest $\frac{1}{4}$ upon grant, $\frac{1}{4}$ 6 months after the grant date, $\frac{1}{4}$ 12 months after the grant date and $\frac{1}{4}$ 18 months after the grant. The weighted average grant-date fair value of the stock options granted during the period is \$0.13. Additionally, 705,000 options with an exercise price of \$0.10 and 1,050,000 options with an exercise price of \$0.30 expired without exercise.

During the year ended December 31, 2024, the Company granted 1,205,000 stock options to certain directors, officers and consultants of the Company. These stock options vest $\frac{1}{4}$ upon grant, $\frac{1}{4}$ 6 months after the grant date, $\frac{1}{4}$ 12 months after the grant date and $\frac{1}{4}$ 18 months after the grant. The weighted average grant-date fair value of the stock options granted during the period is \$0.17.

The weighted average remaining contractual life of the outstanding stock options at December 31, 2025 was 2.76 (December 31, 2024 – 2.27) years.

The weighted average fair value of the stock options granted was determined by using the Black-Scholes option pricing model with the following assumptions:

	Year ended December 31, 2025	Year ended December 31, 2024
Risk-free interest rate	2.78%	3.40 – 3.62%
Estimated volatility	100.61%	96.22 – 94.55%
Expected life	5 years	3 – 5 years
Expected dividend yield	Nil	Nil
Estimated forfeiture rate	Nil	Nil

(d) Warrants

As at December 31, 2025, the Company had outstanding share purchase warrants enabling holders to acquire common shares of the Company as follows:

Number	Vested	Price per share	Expiry date
7,782,185		\$0.25	April 2, 2026
2,217,815		\$0.25	April 2, 2029
10,000,000			

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4. SHARE CAPITAL (Cont'd)

(d) Warrants (cont'd)

A summary of the Company's warrants and the changes for the year are as follows:

	December 31, 2025		December 31, 2024	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	10,000,000	\$ 0.25	-	\$ -
Expired	-	-	-	-
Granted	-	-	10,000,000	0.25
Outstanding, end of year	10,000,000	\$ 0.25	10,000,000	\$ 0.25

The weighted average remaining contractual life of the outstanding warrants at December 31, 2025 was 0.92 (December 31, 2024 – 1.92) years.

5. DEPOSITS AND BONDS

Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") to ensure that any reclamation and clean-up work required on the Company's exploration and evaluation properties will be completed to the satisfaction of the BLM. As at December 31, 2025, \$45,064 (December 31, 2024 - \$47,310) has been paid to the BLM and is included in deposits and bonds.

6. EQUIPMENT

	Equipment	
Cost		
Balance, December 31, 2023	\$	12,390
Additions (disposals)		-
Effect of translation		1,089
Balance, December 31, 2024		13,479
Effect of translation		(640)
Balance, December 31, 2025	\$	12,839
Accumulated Depreciation		
Balance, December 31, 2023	\$	2,033
Depreciation		2,269
Balance, December 31, 2024		4,302
Depreciation		3,081
Balance, December 31, 2025	\$	7,383
Carrying Value		
Balance, December 31, 2023	\$	10,357
Balance, December 31, 2024	\$	9,177
Balance, December 31, 2025	\$	5,456

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7. RIGHT-OF-USE ASSET

The Company has entered into a contract for leased office premises in Canada. The lease term is for three years. The lease agreement does not impose any covenants, but the lease asset may not be used as security for borrowing purposes.

The office premises in Canada represent right-of-use assets, which are depreciated on a straight-line basis over the term of the lease.

Balance, December 31, 2023	\$	210,742
Additions during the year		-
Accumulated amortization		(81,578)
Balance, December 31, 2024	\$	129,164
Additions during the year		-
Accumulated amortization		(81,578)
Balance, December 31, 2025	\$	47,586

On February 23, 2026, the Company extended its lease agreement (Note 14).

8. LEASE LIABILITY

The Company recognized \$244,734 pertaining to a right-of-use asset (Note 7) and \$244,734 of lease liability during the year ended December 31, 2023. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at the date of acquisition. The Company estimates that its incremental borrowing rate is 10%.

Lease liability, December 31, 2023	\$	215,491
Additions during the year		-
Principal repayments on lease liability		(75,912)
Balance at December 31, 2024	\$	139,579
Additions during the year		-
Principal repayments on lease liability		(85,282)
Balance at December 31, 2025	\$	54,297
Current portion of lease liability	\$	54,297
Long-term portion of lease liability	\$	-

The following table presents the contractual undiscounted cash flows for lease liability as of December 31, 2025:

Less than one year	\$	56,121
One to two years		-
Total undiscounted lease obligation	\$	56,121

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments are classified into one of the following three categories: fair-value-through-profit or loss ("FVTPL"); fair-value-through other comprehensive income ("FVOCI"); and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2025	December 31, 2024
Cash	FVTPL	\$ 1,402,218	\$ 2,224,246
Receivables	Amortized cost	34,136	62,846
Accounts payable and accrued liabilities	Amortized cost	(52,882)	(41,584)
Lease liability	Amortized cost	(54,297)	(139,579)

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivables predominately relate to receivables from goods and services input tax credits. Accordingly, the Company views credit risk on receivables as minimal, as it is primarily from an agency of the Government of Canada. The Company is also exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large financial institutions or with the Government of Canada.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities and property commitments when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Management attempts to ensure sufficient cash or liquid investments are available to satisfy budgeted expenditures.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States Dollar. The Company's exploration and evaluation costs are denominated in United States Dollars. The Company has not entered into any arrangements to hedge its currency risk. At December 31, 2025, 1 Canadian Dollar was equal to 0.73 US Dollar. Based on the net exposures as of December 31, 2025 and assuming that all other variables remain constant, a 10% fluctuation in working capital on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately \$68,974 (December 31, 2024 – \$134,717) higher (or lower).

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(ii) Commodity price risk

Commodity price risk is the risk that the fair value of financial assets and financial liabilities or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States Dollars, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time. However, the Company is exposed to commodity price risk as it impacts the Company's access to capital and funding.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash is limited because of its short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

10. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the continued development of its mineral properties. Therefore, the Company monitors the level of risk associated with its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets which are regularly monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity, if available, on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold cash in term deposits in interest-bearing bank accounts and highly liquid short-term, interest-bearing investments with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2025.

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11. RELATED PARTY DISCLOSURES

As at December 31, 2025, \$8,301 (December 31, 2024 - \$2,968) of accounts payable and accrued liabilities was payable to a company with a director or officer in common.

During the year ended December 31, 2025, the Company incurred shared office expenses of \$nil (December 31, 2024 - \$1,600) and received rent payments of \$24,000 (December 31, 2024 - \$24,000) to/from a company with an officer in common. During the year ended December 31, 2025, the Company incurred consulting fees of \$342,000 to companies with directors and officers in common (December 31, 2024 - \$342,000).

During the year ended December 31, 2025, \$668 (December 31, 2024 - \$58,618) was paid to a law firm in which a director is a partner.

During the year ended December 31, 2025, the Company incurred share-based payments of \$27,149 (December 31, 2024 - \$130,145) to officers and directors of the Company.

12. OPERATING SEGMENTS

The Company operates in a single business segment, which is the exploration and development of mineral properties. Assets are located in two geographic areas as set out below:

	December 31, 2025		
	Canada	United States	Total
Current assets	\$ 1,454,498	\$ 9,446	\$ 1,463,944
Deposits and bonds	-	45,064	45,064
Property and equipment	-	5,456	5,456
Right-of-use asset	47,586	-	47,586
Exploration and evaluation assets	-	272,315	272,315
	<u>\$ 1,502,084</u>	<u>\$ 332,281</u>	<u>\$ 1,834,365</u>
	December 31, 2024		
	Canada	United States	Total
Current assets	\$ 2,218,394	\$ 92,979	\$ 2,311,373
Deposits and bonds	-	47,310	47,310
Equipment	-	9,177	9,177
Right-of-use asset	129,164	-	129,164
Exploration and evaluation assets	-	4,134,740	4,134,740
	<u>\$ 2,347,558</u>	<u>\$ 4,284,206</u>	<u>\$ 6,631,764</u>

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13. INCOME TAXES

- (a) Temporary timing differences between the income tax basis and accounting cost result in the Company's potential deferred income tax assets and liabilities. Significant components of the Company's deferred income tax assets (liabilities) at December 31, 2025 and 2024 are as follows:

	2025	2024
Share issue costs	\$ 31,256	\$ 61,476
Non-capital loss carry forwards	5,925,303	4,145,344
Exploration and evaluations assets	648,076	(2,852,574)
	<u>6,604,635</u>	<u>1,354,246</u>
Estimated corporate income tax rate	27.0%	27.0%
Deferred income assets	1,783,251	365,647
Deferred income assets not recognized	(1,783,251)	(365,647)
Total deferred income tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

- (b) The Company is resident for tax purposes in Canada which has a 27% income tax rate. The Company's 100% held subsidiary, RRC Exploration Inc., is a resident for tax purposes in the United States, which has a 21% income tax rate. Management has chosen the Canadian statutory rate as the applicable income tax rate for financial statement disclosure purposes.
- (c) The Company has available non-capital tax loss carry forwards of approximately \$5,925,303 (December 31, 2024 – \$4,145,344), of which \$2,516,943 expire at varying dates up to 2045. The potential benefit of the losses has been reduced to Nil in the financial statements by management's determination of a valuation allowance.
- (d) The actual income tax provision differs from the expected amount calculated by applying the Canadian corporate income tax rate to the Company's income before income taxes. The components of these differences are as follows:

	2025	2024
Net loss before income taxes	\$ (4,756,334)	\$ (966,961)
Expected tax recovery at 27% (2024 - 27%)	(1,284,210)	(261,079)
Permanent and other differences	803,621	22,321
Additions to multijurisdictional non-capital loss carryforwards	480,589	238,758
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2025, 6,677,401 warrants were exercised at \$0.25 per share for a total of \$1,669,350.

Subsequent to December 31, 2025, 1,104,784 warrants with an exercise price of \$0.25 expired.

Subsequent to December 31, 2025, 150,000 stock options with an average exercise price of \$0.26 expired.

Subsequent to December 31, 2025, the lease agreement was extended for two more years with an option to extend for an additional two years.

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14. EVENTS AFTER THE REPORTING PERIOD (Cont'd)

	F2026	F2027	F2028	Total
August 1 - December 31, 2026	\$ 23,730	\$ -	\$ -	23,730
January 1 - July 31, 2027	-	33,222	-	33,222
August 1 - December 31, 2027	-	24,295	-	24,295
January 1 - July 31, 2028	-	-	34,013	34,013
	\$ 23,730	\$ 57,517	\$ 34,013	115,260
