

PRISM RESOURCES INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2024 and 2023

Corporate Head Office

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PRISM RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

December 31, 2024 and 2023

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Independent Auditor's Report

To the Shareholders of Prism Resources Inc.

Opinion

We have audited the consolidated financial statements of Prism Resources Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023 and the consolidated statements of comprehensive loss, changes in deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 period. 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. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- 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 the other information 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 as issued by the International Accounting Standards Board, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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 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 Diana Huang.



Chartered Professional Accountants
Vancouver, Canada
March 13, 2025

PRISM RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 19,718	\$ 30,381
Accounts receivable	1,487	-
Prepaid expenses	1,250	1,250
	22,455	31,631
	\$ 22,455	\$ 31,631
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	\$ 780,667	\$ 693,520
Due to related parties (note 7)	1,907,659	1,898,155
Loans payable (notes 4 and 7)	100,000	100,000
Convertible loans (notes 4 and 7)	360,000	332,000
	3,148,326	3,023,675
Shareholders' deficit		
Share capital (note 5)	16,463,801	16,463,801
Share-based payments reserve	924,834	924,834
Deficit	(20,514,506)	(20,380,679)
	(3,125,871)	(2,992,044)
	\$ 22,455	\$ 31,631

Approved on behalf of the Directors:

<u>"Robert Parsons"</u>	Director	<u>"Scott Ross"</u>	Director
Robert Parsons		Scott Ross	

PRISM RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31,

	2024	2023
Expenses		
Depreciation	\$ -	\$ 22
Investor relations	2,152	2,234
Listing and filing fees	13,621	11,316
Office	3,956	4,311
Professional fees	48,121	41,982
Loss before other items	(67,850)	(59,865)
Other items		
Finance cost (note 4)	(7,000)	-
Impairment	-	(7,886)
Interest expense (note 7)	(49,423)	(49,350)
Foreign exchange gain (loss)	(9,554)	1,764
Total other items	(65,977)	(55,472)
Net loss and comprehensive loss for the year	\$ (133,827)	\$ (115,337)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding –		
Basic and diluted	51,945,393	51,945,393

PRISM RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31,

	2024	2023
Operating activities		
Net loss for the year	\$ (133,827)	\$ (115,337)
Items not affecting cash:		
Depreciation	-	22
Finance cost (note 4)	7,000	-
Impairment	-	7,886
Foreign exchange (gain) loss	9,554	(1,764)
Changes in non-cash working capital items:		
Accounts receivable	(1,487)	2,822
Prepaid expenses	-	(482)
Accounts payable and accrued liabilities	77,593	71,360
Due to related parties	9,504	7,085
Cash used in operating activities	(31,663)	(28,408)
Financing activities		
Cash received from convertible loans (note 4)	21,000	-
Cash provided by financing activities	21,000	-
Decrease in cash during the year	(10,663)	(28,408)
Cash, beginning of the year	30,381	58,789
Cash, end of the year	\$ 19,718	\$ 30,381
Supplemental cash flow information		
Interest received	\$ -	\$ -
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

PRISM RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-based Payments Reserve	Deficit	Total
Balance, December 31, 2022	51,945,393	\$ 16,463,801	\$ 924,834	\$ (20,265,342)	\$ (2,876,707)
Net loss for the year	-	-	-	(115,337)	(115,337)
Balance, December 31, 2023	51,945,393	16,463,801	924,834	(20,380,679)	(2,992,044)
Net loss for the year	-	-	-	(133,827)	(133,827)
Balance, December 31, 2024	51,945,393	\$ 16,463,801	\$ 924,834	\$ (20,514,506)	\$ (3,125,871)

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

The principal business activity of Prism Resources Inc. (the “Company”) is the acquisition and exploration of mineral properties. The Company was incorporated under the *Business Corporations Act* (British Columbia). The Company is an exploration stage company.

The head office of the Company are located at 3552 West 41st Avenue, P O Box 71030, Vancouver, British Columbia V6N 4J9, Canada. The registered and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Canada.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from December 31, 2024. Management is aware in making its assessment of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, as explained below.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred operating losses of \$133,827 for the year ended December 31, 2024 (2023 - \$115,337), is currently unable to self-finance operations, has a working capital deficit of \$3,125,871 (December 31, 2023 - \$2,992,044), a deficit of \$20,514,506 (December 31, 2023 - \$20,380,679), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available.

The Company does not generate cash flow from operations, and has therefore relied principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations and financial condition.

The business of resource exploration involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and to acquire, explore and maintain its future exploration and evaluation assets.

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES**Basis of presentation**

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

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting and are prepared in Canadian dollars, which is the Company’s functional currency.

Approval of consolidated financial statements

The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 13, 2025.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, 0938980 B.C. Ltd. and Compañia Minera Prism Peru S.A.C. (“Prism Peru”). All significant intercompany balances and transactions have been eliminated upon consolidation.

Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and reported amounts of consolidated expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year 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 accounting judgments*Going concern*

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate.

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)**Foreign currency translation**

The functional currency for the Company and its subsidiaries is the Canadian dollar.

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Financial instrumentsClassification

The Company's financial assets and financial liabilities are classified at initial recognition as either: measured at amortized cost or fair value through profit or loss ("FVTPL").

The Company classifies its financial instruments as follows:

Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Convertible loans	FVTPL
Due to related parties	Amortized cost

Measurement**Convertible Loans**

Convertible loans issued by the Company represent a compound financial instrument that includes a host debt liability and a convertible component, with the proceeds received to be allocated between the two components at the date of issue. The Company assesses whether the convertible component qualifies as equity, a non-derivative liability, or a derivative liability. In cases where the convertible component is determined to be a derivative liability, the Company has designated the entire compound financial instrument as measured at fair value through profit or loss. Transaction costs are expensed.

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

PRISM RESOURCES INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
YEAR ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Measurement (cont'd)

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share purchase warrants and options are classified as equity instruments.

Commissions paid to agents and other related share issue costs, such as legal, auditing and printing, on the issue of the Company's shares are charged directly to share capital.

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (cont'd)**Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Adoption of the amended accounting standards*IFRS 18 Presentation and Disclosure in Financial Statements*

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is assessing the impact of this standard.

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

Cash	2024	2023
Canadian financial institution	\$ 19,718	\$ 30,381

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2024, the cash balance of \$19,718 will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities of \$780,667, due to related parties of \$1,907,659, loans payable of \$100,000, convertible loans principle of \$270,000 and required administrative expenditures over the next twelve months. The Company will be required to raise additional capital in the future to fund its operations.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not subject to material market risk.

d) Fair value of financial instruments

The carrying values of accounts payable and accrued liabilities, due to related parties and loans payable approximate their fair values due to the short term to maturity of these financial instruments.

Assets and liabilities measured at fair value at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Cash	\$ 19,718	\$ -	\$ -	\$ 19,718
Convertible loans	\$ -	\$ 360,000	\$ -	\$ 360,000

Assets and liabilities measured at fair value at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash	\$ 30,381	\$ -	\$ -	\$ 30,381
Convertible loans	\$ -	\$ 332,000	\$ -	\$ 332,000

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

4. LOANS PAYABLE AND CONVERTIBLE LOANS

Loans payable	Total
Balance, December 31, 2022, 2023 and 2024	\$ 100,000
Convertible loans	Total
Balance, December 31, 2022 and 2023	\$ 332,000
Funds received	21,000
Fair value adjustments	7,000
Balance, December 31, 2024	\$ 360,000

On February 22, 2018, the Company entered into loan agreements (the “Loan Agreements”) with certain shareholders, including certain directors of the Company. The loans granted pursuant to the Loan Agreements total \$100,000, with each of the lenders loaning \$30,000 to the Company, with the exception of the CFO, who is loaning \$10,000. The Loans bear interest at an annual rate of 12% per annum due on or before August 21, 2019, and are secured against all or substantially all of the assets of the Company. Pursuant to the Loan Agreements, on June 25, 2018, the Company issued 200,000 Bonus Shares to the lenders with an aggregate value of \$20,000 which the Company recorded as interest expense.

On October 9, 2019, the Company entered into promissory note (the “Promissory Note”) with certain shareholders, including a director of the Company. The loans granted pursuant to the Promissory Note total \$166,000. The Loans bear interest at an annual rate of 15% per annum due on or before the thirtieth day after demand is made by the lenders, and are secured by a general security agreement. Pursuant to the Promissory Note, the Company shall pay to the lenders an amount equal to 25% of any funds to which the Company may become entitled in respect of the claim filed in the Ontario Superior Court of Justice against Detour. The Company also grants to the lenders the option to acquire a 100% in the Royalty for the sum of \$3,000,000 at any time prior to the Company repaying the outstanding balance and accrued interest owing under the Promissory Note in full. If the Company sells the Royalty, the lenders shall be entitled to 25% of the proceeds of such sale or disposition.

On March 24, 2021, the Company’s noteholders agreed to lend additional funds to the Company in the amount of \$83,000 with substantially the same terms as the October 9, 2019 promissory note. The loans granted pursuant to the promissory note total \$249,000. The royalty provision in the note has been revised such that the Company shall pay to the lenders an amount equal to 35% of any funds to which the Company may become entitled in respect of the claim filed in the Ontario Superior Court of Justice against Detour. Pursuant to a conversion provision, the lenders have the option to convert on a dollar-for-dollar basis the entire unpaid principal and all accrued and unpaid interest into common shares of the Company at a price per share determined by dividing the dollar amount being converted by the market price of the shares, less the maximum allowable discount pursuant to applicable exchange policies. During the year ended December 31, 2021, a fair value adjustment of \$83,000 was recognized as finance cost.

In December 2024, the Company’s noteholders agreed to lend additional funds to the Company in the amount of \$21,000 with substantially the same terms as the March 24, 2021 promissory note. The loans granted pursuant to the promissory note total \$270,000.

The convertible loans are designated as at FVTPL. During the year ended December 31, 2024, a fair value adjustment of \$7,000 was recognized as finance cost.

PRISM RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
YEAR ENDED DECEMBER 31, 2024 AND 2023

5. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Issued

There were no shares issued during the year ended December 31, 2024 and 2023.

Stock options

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of ten years with vesting terms determined by the Board of Directors.

Stock option transactions are summarized as follows:

	December 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the year	3,200,000	\$ 0.10	3,200,000	\$ 0.10
Granted	-	-	-	-
Balance, end of the year	3,200,000	\$ 0.10	3,200,000	\$ 0.10

The weighted average remaining contractual life of options outstanding at December 31, 2024 was 7.17 (December 31, 2023 – 8.17) years.

Stock options outstanding and exercisable are as follows:

	December 31, 2024			December 31, 2023		
Expiry date	Exercise price	Options outstanding	Options exercisable	Exercise price	Options outstanding	Options exercisable
March 1, 2032	\$ 0.10	3,000,000	3,000,000	\$ 0.10	3,000,000	3,000,000
March 13, 2032	\$ 0.11	200,000	200,000	\$ 0.11	200,000	200,000
		3,200,000	3,200,000		3,200,000	3,200,000

Share-based payments

During the year ended December 31, 2024 and 2023, the Company did not grant any stock options.

PRISM RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2024 AND 2023

6. NET PROFIT INTEREST

The Company has a 7.5% Net Profits Interest in certain mining claims in the Porcupine Mining District of Ontario, Canada ("Royalty") owned by Detour Gold Corp. ("Detour"), which was acquired by Agnico Eagle in 2022.

On July 10, 2017, the Company announced that it had entered into an agreement (the "Royalty Purchase Agreement") with AuRico Metals Inc. and AuRico Metals Canadian Royalty partnership (together "Au Rico") for the sale by the Company of the Royalty to AuRico. Following the announcement, the Company and AuRico received a written communication from Detour claiming the Royalty is invalid and unenforceable against Detour, notwithstanding Detour's long and consistent disclosure record to the contrary. On July 21, 2017, the Company announced that the Royalty Purchase Agreement had been terminated, as a direct result of Detour's newly stated position repudiating any obligations under the Royalty.

The Company and Detour went through legal battles regarding the enforceability of the Company's net profits Royalty from 2017 to 2022. In 2022, the Court of Appeal for Ontario ruled unanimously to dismiss Detour's appeal of the summary judgement awarded to the Company in 2021. The Company's net profits Royalty is fully enforceable against Detour.

7. RELATED PARTY TRANSACTIONS

The related party transactions incurred during the year ended December 31, 2024 were in the normal course of operations. During the year ended December 31, 2024, the Company did not pay or accrue any expenses to related parties other than interest expense of \$7,743 (2023 - \$7,725).

At December 31, 2024, included in due to related parties is \$1,907,659 (December 31, 2023 - \$1,898,155) in expenses owing to directors. These amounts are unsecured, non-interest-bearing and due on demand.

At December 31, 2024, included in loans payable and convertible loans was \$61,144 (December 31, 2023 - \$59,500) payable to directors, interim CEO and the CFO of the Company. These loans bear interest at an annual rate varying from 12% to 15% per annum due on demand, and are secured against all or substantially all of the assets of the Company (note 4).

The Company has also entered into change of control agreements with officers of the Company. In the case of termination, the officers are entitled to an amount equal to the sum of the annual base fees then payable to the officer and the immediate vesting of all granted and unvested stock options if the Company terminates the engagement within twelve months of a change of control without cause.

The Company's directors and management agreed to suspend directors' fees and management fees commencing January 1, 2023.

8. COMMITMENTS

On July 1, 2016, the Company entered into a consulting agreement whereby the consultant is to serve as the Company's Corporate Secretary for an indefinite term for \$42,000 per year. Pursuant to the consulting agreement, the consultant is entitled to certain benefits coverage, participation in the Company's stock option plan, and one year's fees and benefits if the engagement is terminated without cause.

The Company and the Corporate Secretary has agreed to suspend the accrual of consulting fees effective January 1, 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2024 AND 2023

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no source of revenues, and accordingly, is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will need to raise funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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

10. SUBSIDIARIES

Significant subsidiaries for the years ended December 31, 2024 and 2023 are:

	Country of Incorporation	Principal Activity	The Company's effective interest for 2024	The Company's effective interest for 2023
0938980 B.C. Ltd.	British Columbia, Canada	Holding company	100%	100%
Compañia Minera Prism Peru S.A.C.	Peru	Holding company	100%	100%

11. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows for the years ended December 31:

	2024	2023
Loss before income taxes	\$ (133,827)	\$ (115,337)
Statutory Canadian corporate tax rate	27.00%	27.00%
Income tax recovery at statutory rates	(36,133)	(31,141)
Net adjustment for permanent differences	2,819	1,806
Foreign exchange movement and tax rate differences	(14,216)	(838)
Net operating losses expired	2,583	49,766
Change in unrecognized tax benefits	44,947	(19,593)
Deferred income tax recovery	\$ -	\$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The balance of the Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

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YEAR ENDED DECEMBER 31, 2024 AND 2023

11. INCOME TAXES (cont'd)

	2024	Expiry	2023	Expiry
Exploration and evaluation assets tax pools	\$ 10,256,000	None	\$ 10,526,000	None
Capital loss and others	50,000	None	50,000	None
Provision for unpaid fees	1,841,000	None	1,841,000	None
Convertible loans	90,000	None	83,000	None
Non-capital losses carried forward	3,733,000	2025-2044	3,308,000	2024-2043
Unrecognized deductible temporary differences	\$ 15,970,000		\$ 15,808,000	
