ROYALTIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of Royalties Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

ROYALTIES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three months ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEX *PAGE*

Unaudited Condensed Consolidated Interim Statements of Financial Position	3
Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency	5
Unaudited Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Unaudited Condensed Consolidated Interim Financial Statements	7

ROYALTIES INC.
Unaudited Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2025 $	December 31, 2024 $
ASSETS			
Current assets			
Cash		124,228	17,046
Amounts receivable and other		3,745	3,722
Prepaid expenses		13,402	16,864
Total current assets		141,375	37,632
Non-current assets			
Investment	4, 10	1,000,000	1,000,000
Music royalty assets	5	204,014	214,752
Total non-current assets		1,204,014	1,214,752
Total assets		1,345,389	1,252,384
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	99,819	151,216
Other current liability of subsidiary	13	2,878,200	2,880,200
Total current liabilities		2,978,019	3,031,416
SHAREHOLDERS' DEFICIENCY			
Share capital	8	40,229,463	40,049,463
Share-based payment reserve	9	154,916	154,916
Accumulated other comprehensive income		15,510	15,510
Deficit		(42,060,287)	(42,026,689)
Deficiency attributable to equity holders of the company		(1,660,398)	(1,806,800)
Non-controlling interest		27,768	27,768
Total shareholders' deficiency		(1,632,630)	(1,779,032)
Total liabilities and shareholders' deficiency		1,345,389	1,252,384

GOING CONCERN (Note 2)
COMMITMENTS AND CONTINGENCIES (Notes 7, 13)
SUBSEQUENT EVENTS (Note 14)

Signed on behalf of the board of directors by:

Signed - "Timothy Gallagher"
Timothy Gallagher, Director

Signed - "Andrew Robertson"
Andrew Robertson, Director

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ROYALTIES INC.
Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

For the three months ended March 31,

	Notes	2025 $	2024 $ Restated – Note 3
Income			
Dividend income	4, 10	18,000	18,000
Royalty income		8,925	13,569
Total income		26,925	31,569
Operating expenses			
Corporate expenses		7,237	4,314
Professional fees	10	3,000	3,113
General and administrative		3,568	4,646
Exploration and evaluation	6	34,121	34,125
Amortization of music royalties	5	10,738	7,871
Total expenses		58,664	54,069
Operating loss before other expenses		(31,739)	(22,500)
Other expenses			
Foreign exchange loss		1,859	18,167
Net loss and comprehensive loss for the period		(33,598)	(40,667)
Net loss per share basic and diluted		(0.002)	(0.002)
Weighted average Common Shares outstanding basic and diluted		224,156,390	209,393,497

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ROYALTIES INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Shares outstanding #	Share Capital $	Share-based payment reserve $	Accumulated other comprehensive income (loss) $	Accumulated deficit $	Attributable to equity holders of the company $	Non-controlling interest $	Total $
		(Restated – Note 3)	(Restated – Note 3)	(Restated – Note 3)	(Restated – Note 3)	(Restated – Note 3)	(Restated – Note 3)	(Restated – Note 3)
Balance as at December 31, 2023 (restated)	216,023,057	39,944,463	154,916	35,116	(41,634,397)	(1,499,902)	27,768	(1,472,134)
Net loss for the period	-	-	-	-	(40,667)	(40,667)	-	(40,667)
Balance as at March 31, 2024	216,023,057	39,944,463	154,916	15,510	(41,675,064)	(1,540,569)	27,768	(1,512,801)
Balance as at December 31, 2024	219,023,057	40,043,463	154,916	15,510	(42,026,689)	(1,806,800)	27,768	(1,779,032)
Shares issued for cash	6,000,000	180,000	-	-	-	180,000	-	180,000
Net loss for the period	-	-	-	-	(33,598)	(33,598)	-	(33,598)
Balance as at March 31, 2025	225,023,057	40,229,463	154,916	15,510	(42,060,287)	(1,660,398)	27,768	(1,632,630)

ROYALTIES INC.
Unaudited Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

For the three months ended March 31,	Note	2025 $	2024 $ (Restated - Note 3)
Cash flow from operating activities			
Net loss for the period		(33,598)	(40,667)
Foreign exchange loss		-	22,549
Amortization of music royalties	5	10,738	7,871
Changes in non-cash working capital			
Amounts receivable		(23)	8,160
Prepaid expense		3,462	4,144
Accounts payable and accrued liabilities		(53,397)	(22,936)
Net cash used in operating activities		(72,818)	(20,879)
Financing activities			
Proceeds from private placements	8	180,000	-
Total cash provided by financing activities		180,000	-
Increase (decrease) in cash		107,182	(20,879)
Cash, beginning of period		17,046	43,439
Cash, end of period		124,228	22,560

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Royalties Inc. (the "Company" or "Royalties Inc.") operates as a diversified royalties company. The Company is focused on resource royalties and entertainment royalties (such as music, film and television), but may determine to expand the scope of the industries it will focus on in the future. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "CSE:RI".

The Company currently has holdings in four entertainment royalty interests, and approximately a 2% stake in Music Royalties Inc. ("MRI"), a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters). MRI currently holds a portfolio of approximately 30 cash-flowing music royalties.

The Company also has interests in exploration and evaluation properties located in Mexico, owning a 100% interest on the Bilbao silver-zinc- lead project located in the southeastern part of the State of Zacatecas and 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V ("Minera Portree"). Minera Portree holds an asserted claim to a 2% net smelter royalty on five mining concessions located adjacent to the Cozamin Mine operated by Capstone Copper Corp. ("Capstone"), which claim is challenged by Capstone.

There has been no determination whether the Company's interests in exploration and evaluation projects contain mineral deposits which are economically recoverable. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The value of the Company's mining interests is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable mineral deposits, the achievement of profitable operations, or the ability of the Company to raise additional financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. All of the Company's mineral exploration interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, and mineral royalty interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, local indigenous or aboriginal claims and regulatory and environmental requirements.

2. BASIS OF PREPARATION AND GOING CONCERN

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFIRC"). The policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 28, 2025.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

These unaudited condensed consolidated interim financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the current fiscal year.

Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

As at March 31, 2025, the Company had not achieved profitable operations, had a working capital deficiency, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company will have to rely on equity financing to generate additional financial resources to fund its working capital requirements and will need to generate additional financial resources to fund its planned acquisitions. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for group financial statements.

The underlying value of the exploration and evaluation projects is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation projects, and the generation of future profitable production or proceeds from the disposition of the exploration and evaluation projects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS and available under the Company’s profile on www.SEDARplus.ca.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except cash flow information.

Significant Accounting Judgments, Estimates and Assumptions
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates. There have been no significant changes in the judgments, estimates or assumptions from those disclosed in the Company’s audited annual consolidated financial statements for the years ended December 31, 2024 and 2023.

Exploration and evaluation expenditures
During the year ended December 31, 2024, the Company changed its accounting policy of capitalizing mineral exploration properties acquired. The Company believes expensing such costs as incurred provides more reliable and relevant financial information. The cost of mineral exploration properties acquired are expensed until it has been established that a mineral property is commercially viable and technically feasible. Previously, the Company capitalized these amounts.

The consolidated financial statements for the year ended December 31, 2023 have been restated to reflect adjustments made as a result of these changes in accounting policy. The accumulated effect of the change of $187,380 USD has been reflected in the ending deficit of the consolidated financial statements as at December 31, 2023.

Presentation currency
Effective September 30, 2024, the presentation currency of the Company was changed from US dollars to Canadian dollars to align with the functional currency. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively. Information for the quarter ended March 31, 2024 and the fiscal year ending December 31, 2023 were translated from US dollars to Canadian dollars using the procedures outlined below:

- Assets and liabilities were translated into Canadian dollars at each period-end closing rate of exchange;
- Income and expenses were translated into Canadian dollars at average rates of exchange for each period as the average rate was considered a reasonable proxy for the prevailing rates at the dates of the transactions;
- Differences resulting from the retranslation of opening net asset and the results for each period have been taken to accumulated other comprehensive income;
- Share capital and other reserves were translated at the closing rate of exchange prevailing at each period end closing rate; and
- Accumulated retained losses and non-controlling interest were translated at the average rates of exchange for each period.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

Consolidated statement of loss and comprehensive loss

For the three months ended March 31, 2024	As previously reported $	Adjustment $	Restated $
Income			
Dividend income	13,358	4,642	18,000
Royalty income	10,042	3,527	13,569
Total income	23,400	8,169	31,569
Operating expenses			
Corporate	3,193	1,121	56,383
Professional fees	2,300	813	89,869
General and administrative	3,505	1,141	11,744
Exploration and evaluation	25,315	8,810	133,489
Amortization of music royalties	5,852	2,019	21,850
Total expenses	40,165	13,904	313,335
Operating loss before other income	(16,765)	(5,735)	(202,993)
Other (income) expenses			
Foreign exchange loss	13,477	4,690	(18,167)
Total other loss	(13,477)	(4,690)	(18,167)
Net loss and comprehensive loss for the period	(30,242)	(10,425)	(40,667)
Net loss per share	(0.001)		(0.001)
Weighted average Common Shares outstanding			
Basic and diluted	216,023,057		216,023,057

Consolidated statement of cash flows

For the three months ended March 31, 2024	As previously reported $	Adjustment $	Restated $
Cash flow from operating activities			
Loss for the period	(30,242)	(10,425)	(40,667)
Unrealized foreign exchange gain on investment	15,913	5,490	22,549
Amortization of music royalties	5,852	2,019	7,871
Changes in non-cash working capital			
Amounts receivable	6,067	2,093	8,160
Prepaid expense	3,081	1,063	4,144
Accounts payable and accrued liabilities	(17,053)	(5,883)	(22,936)
Net cash used in operating activities	(16,382)	(5,643)	(20,879)
Total cash provided by financing and investing activities	-	-	-
Decrease in cash	(16,382)	(5,643)	(20,879)
Cash, beginning of period	33,155	11,438	43,439
Cash, end of period	16,773	5,796	22,560

4. **INVESTMENT**

On September 30, 2022, the Company acquired 2,000,000 common shares in Music Royalties Inc. (“MRI”), a private company. As at March 31, 2025, MRI shares had a value of $0.50 per share amounting to $1,000,000 (December 30, 2024 - $1,000,000).

During the three months ended March 31, 2025, the Company received dividend income totaling $18,000 (March 31, 2024 - $18,000).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

5. **MUSIC ROYALTIES**

	Amount
Cost	
Balance - January 1, 2023	-
Additions	453,943
Impairment of music royalties	(165,327)
Effect of currency adjustment	(874)
Balance - December 31, 2023	287,742
Impairment of music royalties	(41,800)
Effect of currency adjustment	5,448
Balance – December 31, 2024 and March 31, 2025	251,390
Accumulated Amortization	
Balance - January 1, 2023	-
Amortization	21,850
Effect of currency adjustment	379
Balance - December 31, 2023	22,229
Amortization	14,220
Effect of currency adjustment	189
Balance, December 31, 2024	36,638
Amortization	10,738
Balance, March 31, 2025	47,376
Net book value - December 31, 2024	214,752
Net book value – March 31, 2025	204,014

During the year ended December 31, 2024, given the decline in expected future royalty revenue of the Company's Apple catalogue, an impairment totaling $41,800 was recorded on the asset. During the year ended December 31, 2023, an impairment totaling $165,327 on Carbonaro Effect which was originally purchased on June 13, 2023 for a 10-year term was fully impaired due to the program's cancellation.

During the three months ended March 31, 2025, the Company received royalty income from music royalty assets totaling $8,925 (USD$6,273) (March 31, 2024 - $13,569 (USD$10,099).

6. **EXPLORATION AND EVALUATION EXPENDITURES**

Bilbao
The Company, through wholly owned Mexican subsidiaries, holds a 100% interest in the Bilbao silver-zinc-lead project, including the necessary surface lands for surface installations and development of the Bilbao deposit.

Laguna
The Company held a 100% interest in the Laguna silver-gold-mercury tailings development project and was granted a twenty-year concession dated December 10, 2003 by the *Comision Nacional del Agua* ("Conagua") relating to the extraction rights to six million cubic metres of tailings material, subject to an amount payable to Conagua in the amount MXN$11.00 (approximately $1.00) per cubic metre of tailings. The permit expired in December, 2023 and is unlikely to be renewed.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $103,000 (MXN $1,488,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

7. **MINERAL ROYALTY INTERESTS**

The Company holds various legal or royalty interests in certain mineral properties in Mexico, and an asserted claim to a 2% net smelter royalty emanating from its former ownership of six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Copper Corp. (TSX:CS) (“Capstone”). The entitlement of royalty is contested by a third party and Capstone. The Company filed lawsuits against both parties to properly recognize the 2% NSR. In August 2022, the Zacatecas courts requested the Public Mines Registry in Mexico City register the Minera Portree royalty claims on title. The key witnesses were deposed in court in September and October 2023. A court ordered site inspection of the Portree claims was blocked by Capstone in November 2023. On May 12, 2025, the case was officially forwarded to the Judge to render a decision which is expected to be made in the month of June.

8. **SHARE CAPITAL**

Common Shares Authorized
Unlimited number of common shares

	Shares \#	Amount $
Balance as at January 1, 2023	201,293,057	39,130,223
Shares issued from the exercise of stock options	1,350,000	145,240
Shares issued pursuant to acquisition agreement	500,000	25,000
Shares issued for debt settlement	5,400,000	270,000
Shares issued for private placement	7,480,000	374,000
Balance as at December 31, 2023	216,023,057	39,944,463
Shares issued for private placement	3,000,000	105,000
Balance as at December 31, 2024	219,023,057	40,049,463
Shares issued for private placement	5,280,000	158,400
Shares issued for debt settlement	720,000	21,600
Balance as at March 31, 2025	225,023,057	40,229,463

<u>Fiscal 2025</u>

- On January 13, 2025, the Company completed a non-brokered private placement with directors and officers for 5,280,000 shares at $0.03 per share for proceeds totaling $158,400. In addition, the Company issued 720,000 shares at $0.03 per share as debt settlement totaling $21,600.

<u>Fiscal 2024</u>

- On September 24, 2024, the Company closed a non-brokered private placement for gross proceeds of $105,000 through the issuance of 3,000,000 shares at $0.035 per share of which 2,000,000 shares were subscribed for by Officers and directors of the Company for gross proceeds of $70,000.

9. **SHARE-BASED PAYMENT RESERVE**

The board of directors has approved a Stock Option Plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% of the total number of common shares outstanding immediately prior to such an issuance. The options are exercisable over a period not exceeding ten years. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

There were no stock options transactions during the periods ended March 31, 2025 and December 31, 2024.

As at March 31, 2025, the following options were outstanding and exercisable:

Grant date	Expiry date	# of options O/S	# of options exercisable	Exercise Price	Weighted average remaining life
04-Jun-20	04-Jun-25	3,650,000	3,650,000	$ 0.06	0.18

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

10. **RELATED PARTY TRANSACTIONS**

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors of the Company.

	Three months ended March 31,	
	2025 $	2024 $
Dividend income	18,000	18,000
Professional fees	3,000	3,000

Also included in accounts payable and accrued liabilities as at March 31, 2025 is $13,560 (December 31, 2024- $10,170) due to a company controlled by an officer of the Company for professional fees. These balances are due on demand, unsecured and non-interest bearing.

The subsidiaries of the Company as at March 31, 2025 and December 31, 2024 were as follows:

Name of Subsidiary	Country of Incorporation	Percentage owned	Principal activity
Orca Minerals Limited	Canada	100%	Holding company for Orca Gold International
Orca Gold International Ltd.	Bahamas	100%	Holding company for Mexican subsidiaries
Bilbao Resources SA de CV	Mexico	100%	Exploration
Bilbao Mining SA de CV	Mexico	100%	Exploration
Minera Orca SA de CV	Mexico	100%	Exploration
Orca Mining Exploration SA de CV	Mexico	100%	Exploration
Minera Portree de Zacatecas SA de CV	Mexico	88%	Holding company for mineral royalty interests

11. **FINANCIAL INSTRUMENTS**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and managed and that the capital base is adequate in relation to those risks. There have been no significant changes in the risks or the Company's objectives, policies and procedures related to risk management during the periods ended March 31, 2025 and December 31, 2024.

The Company has designated its long-term investments as fair value through profit or loss, which are measured at fair value. Cash, amounts receivable, accounts payable and accrued liabilities, and other liability of subsidiary are measured at amortized cost.

Capital Risk:
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain its exploration and evaluation projects.

Credit Risk:
Credit risk is the risk that a counterparty will be unable to pay amounts owing to the Company. Management's assessment of the Company's risk is low.

Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at March 31, 2025, the Company had cash of $124,228 (December 31, 2024 - $17,046) to settle current liabilities of $99,819 (December 31, 2024 - $151,216), excluding the contingent liability of a subsidiary totaling $2,878,200 (USD$2,000,000) (December 31, 2024 - $2,880,200 (USD$2,000,000)). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

Price Risk:
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Interest Rate Risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk due to the minimal cash levels, and debt has been repaid.

Foreign Currency Risk:
The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the CAD dollar.

As at March 31, 2025 and December 31, 2024, the Company held the following USD monetary assets and liabilities:

	March 31, 2025 USD	December 31, 2024 USD
Cash	6,296	3,130
Other liability of subsidiary	(2,000,000)	(2,000,000)
Total USD monetary assets	(1,993,704)	(1,996,870)

As at March 31, 2025 and December 31, 2024, the Company held the following Mexican monetary assets and liabilities:

	March 31, 2025 MXN	December 31, 2024 MXN
Cash	137,796	33,830
Accounts payable and accrued liabilities	(358,797)	(358,797)
Total Mexican monetary assets	(221,001)	(324,967)

A 10% increase (decrease) in the fair value of the USD monetary assets as at March 31, 2025 would result in an estimated increase (decrease) in net income (loss) of approximately $289,000 (December 31, 2024 –$284,000).

A 10% increase (decrease) in the fair value of the Mexican monetary assets and liabilities as at December 31, 2024 would result in an estimated increase (decrease) in net income (loss) of approximately $1,500 (December 31, 2024 –$1,900).

Fair value of financial instruments

Level 3 Hierarchy

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at March 31, 2025 and December 31, 2024, the carrying and fair value amounts of the Company's financial instruments, other than investments are approximately the same because of the short-term nature of these instruments.

The fair value hierarchy has the following levels:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Expressed in Canadian Dollars)

The following tables illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at March 31, 2025.

	Level 1	Level 2	Level 3
Private investment	-	-	$ 1,000,000

The following tables illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2024.

	Level 1	Level 2	Level 3
Private investment	-	-	$ 1,000,000

Within Level 3, the Company included private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee.

There were no transfers between levels during the periods ended March 31, 2025 and December 31, 2024.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at March 31, 2025 and December 31, 2024. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain are recognized in the statements of income (loss).

Investment, fair value	March 31, 2025	December 31, 2024
Beginning, balance of year	$ 1,000,000	$ 1,000,000
Purchase - shares	-	-
Balance, end of year	$ 1,000,000	$ 1,000,000

Music Royalties Inc.
The valuation was based on Music Royalties Inc.'s most recent financing. Management has determined that there are no reasonable alternative assumptions that would change the fair value significantly as at March 31, 2025. As at March 31, 2025, a +/- 10% change in the fair value of Music Royalties Inc. will result in a corresponding +/- $100,000 change in net loss (December 31, 2024 - $100,000).

The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

12. CAPITAL MANAGEMENT

The Company's capital structure consists of its capital stock and share-based payment reserve. The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition of catalogues of songs, and the exploration and development of mineral properties. 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 will continue to assess new music royalties and seek to acquire an interest in additional music royalties if it feels there is economic potential and if it has adequate financial resources to do so.

The properties in which the Company currently has an interest are in the exploration stage and historically the Company was dependent on external financing to fund its activities. In order to carry out the planned acquisition of cash flowing royalties, the Company will utilize its existing working capital and seek to raise additional amounts as needed through the issue of common shares or other securities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have remained unchanged during the periods ended March 31, 2025 and December 31, 2024. The Company was not subject to any capital requirements imposed by a lending institution or regulatory body.

13. COMMITMENTS AND CONTINGENCIES

The Company’s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In order to maintain the Company’s mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $103,000 (MXN $1,488,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions. See Note 6.

Orca Gold International Ltd. ("Orca Gold") acquired shares of Shoshone Mexico S.A. de C.V. ("Shoshone Mexico") from Shoshone Silver Mining Company ("Shoshone Silver"). Shoshone Mexico is the registered owner of four mining concessions that make up the majority of the Bilbao property, subject to a 1.5% net smelter royalty, and the beneficial owner of a 25% interest in the Bilbao concessions. As part of the agreement, Shoshone Silver agreed to indemnify Orca Gold and Shoshone Mexico against any liabilities or obligations of Shoshone Mexico. In return, Orca Gold agreed to pay Shoshone Silver a total of USD $4,900,000, with USD $2,400,000 paid upon the transfer of shares in August 2008 and an additional USD $500,000 paid one year later.

The balance of $2,878,200 (USD$2,000,000) expressed to be payable by Orca Gold to Shoshone Silver pursuant to the Indemnity and Guarantee Agreement was to be payable in four consecutive equal annual payments of USD$500,000 each, the first such USD$500,000 annual payment to be made at the time of commencement of construction of any mine developed on the Bilbao concessions, but in any event not less than six years after the date of the first payment of USD$2,400,000 in August 2008 and provided that the remaining balance of USD$2,000,000 was to be paid in full no later than ten years after the date of the first payment of USD$2,400,000. Construction of a mine on the Bilbao concessions has not commenced to date. The payment was secured by a charge granted by Shoshone Mexico in favor of Shoshone Silver and registered against the four Bilbao mining concessions.

14. SUBSEQUENT EVENTS

On April 9, 2025 the company's 88% owned subsidiary, Minera Portree de Zacatecas S.A. de C.V. ("MPZ") filed the final arguments with the court in Zacatecas, Mexico in the lawsuit against Raul Gonzalez Anaya and Capstone Gold S.A. de C.V. to invalidate their contract assigning the 2% NSR on five concessions called the Portree claims, established in 2002, without the knowledge or consent of the rightful and longstanding owner, which is MPZ. On May 12, 2025, the case was officially forwarded to the Judge to render a decision which is expected to be made in the month of June.