ROYALTIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025

(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.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

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ROYALTIES INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	June 30, 2026 $	December 31, 2025 $
ASSETS			
Current assets			
Cash		39,689	30,375
Amounts receivable and other		10,960	6,770
Prepaid expenses		13,775	6,581
Total current assets		64,424	43,726
Non-current assets			
Investment	4	2,525,000	2,525,000
Music royalty assets	5	197,007	202,922
Total non-current assets		2,722,007	2,727,922
Total assets		2,786,431	2,771,648
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	149,225	142,768
Other current liability of subsidiary	12	2,842,000	2,741,200
Total current liabilities		2,991,225	2,883,968
SHAREHOLDERS' DEFICIENCY			
Share capital	8	41,899,227	41,754,463
Share-based payment reserve	7	744,784	-
Accumulated other comprehensive income		15,510	15,510
Deficit		(42,892,083)	(41,910,061)
Deficiency attributable to equity holders of the company		(232,562)	(140,088)
Non-controlling interest		27,768	27,768
Total shareholders' deficiency		(204,794)	(112,320)
Total liabilities and shareholders' deficiency		2,786,431	2,771,648

GOING CONCERN (Note 2)
COMMITMENTS AND CONTINGENCIES (Note 12)
SUBSEQUENT EVENTS (Note 13)

Signed on behalf of the board of directors by:

Signed - "Timothy Gallagher"
Timothy Gallagher, Director

Signed - "Andrew Robertson"
Andrew Robertson, Director

ROYALTIES INC.

Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

For the three and six months ended June 30,

		Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
	Note	$	$	$	$
Income					
Dividend income	4, 9	45,450	18,000	90,900	36,000
Royalty income		4,805	6,042	12,468	14,967
Total income		50,255	24,042	103,368	50,967
Operating expenses					
Share-based compensation	7	809,548	-	809,548	-
Professional fees	9	5,771	34,289	33,403	37,289
Corporate expenses		10,181	10,441	32,159	17,678
General and administrative		5,031	3,590	9,382	7,158
Exploration and evaluation	6	48,348	9,567	89,586	43,688
Amortization of music royalties	5	2,958	10,738	5,915	21,476
Total operating expenses		881,837	68,625	979,993	127,289
Operating loss before other expenses		(831,582)	(44,583)	(876,625)	(76,322)
Other income (expenses)					
Interest expense		(838)	-	(1,227)	-
Foreign exchange income (loss)		(60,561)	156,357	(104,170)	154,498
Total other income (expenses)		(61,399)	156,357	(105,397)	154,498
Net income (loss) and comprehensive income (loss) for the period		(892,981)	111,774	(982,022)	78,176
Net income (loss) per share basic and diluted		(0.004)	0.000	(0.004)	0.000
Weighted average Common Shares outstanding basic and diluted		254,905,291	226,671,409	254,756,666	225,420,847

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 $	Accumulated deficit $	Attributable to equity holders of the company $	Non-controlling interest $	Total $
Balance as at December 31, 2024	219,023,057	40,049,463	154,916	15,510	(42,026,689)	(1,806,800)	27,768	(1,779,032)
Shares issued for cash (Note 8)	5,280,000	158,400	-	-	-	158,400	-	158,400
Shares issued for debt settlement (Note 8)	720,000	21,600	-	-	-	21,600	-	21,600
Shares issued for purchase of investment	12,500,000	500,000	-	-	-	500,000	-	500,000
Net income for the period	-	-	-	-	78,176	78,176	-	78,176
Balance as at June 30, 2025	237,523,057	40,729,463	154,916	15,510	(41,948,513)	(1,048,624)	27,768	(1,020,856)
Balance as at December 31, 2025	254,606,390	41,754,463	-	15,510	(41,910,061)	(140,088)	27,768	(112,320)
Share options issued (Note 7)	-	-	809,548	-	-	809,548	-	809,548
Share options exercised (Notes 7, 8)	800,000	144,764	(64,764)	-	-	80,000	-	80,000
Net loss for the period	-	-	-	-	(982,022)	(982,022)	-	(982,022)
Balance as at June 30, 2026	255,406,390	41,899,227	744,784	15,510	(42,892,083)	(232,562)	27,768	(204,794)

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

ROYALTIES INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

For the six months ended June 30,	Note	2026 $	2025 $
Cash flow from operating activities			
Net (loss) income for the period		(982,022)	78,176
Amortization of music royalties	5	5,915	21,476
Foreign exchange loss		100,800	-
Share-based compensation	7	809,548	-
Changes in non-cash working capital			
Amounts receivable		(4,190)	(3,857)
Prepaid expense		(7,194)	(5,297)
Accounts payable and accrued liabilities		6,457	(211,004)
Net cash used in operating activities		(70,686)	(120,506)
Financing activities			
Proceeds from private placements	8	-	180,000
Proceeds from exercise of share options	7, 8	80,000	-
Total cash provided by financing activities		80,000	180,000
Increase in cash		9,314	59,494
Cash, beginning of period		30,375	17,046
Cash, end of period		39,689	76,540
Supplementary cashflow information			
Shares issued for debt settlement		$ -	$ 21,600

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 based in Toronto, Ontario Canada. 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" and on the OTC Markets in the United States under the trading symbol "ROYIF".

The Company currently has holdings in four entertainment royalty interests, and an approximate 5% 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 31 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 a court confirmed claim to a 2% net smelter royalty established in 2002 on five mining concessions which are part of the Cozamin Mine operated by Capstone Copper Corp. ("Capstone"). This claim was supported by a court judgement issued in Zacatecas on June 16, 2025 and a subsequent appeal which the court upheld in its November 4, 2025 decision. On December 19, 2025, Capstone filed a direct Amparo with the Federal Collegiate Tribunal in Mexico. This suspends the sentence issued in the November 4, 2025 decision until the Amparo is completed. Filing the Amparo with the Federal Court in Mexico City is the final legal step available to 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 August 28, 2026.

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.

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.

2. BASIS OF PREPARATION AND GOING CONCERN (CONTINUED)

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 June 30, 2026, 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 MATERIAL 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, 2025, 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, 2025 and 2024.

4. INVESTMENT

As at June 30, 2026 and December 31, 2025, the Company's holdings in MRI of 5,050,000 shares were valued at $2,525,000. During the three and six months ended June 30, 2026, the Company received dividend income from MRI totaling $45,450 and $90,900 respectively (June 30, 2025 - $18,000 and $36,000).

During fiscal 2025, the Company purchased 3,050,000 common shares of MRI from private investors in exchange for the issuance of shares in the Company as follows:

Date	Investment in MRI shares #	MRI price per share $	Shares issued for purchase of MRI #	Royalties Inc. price per share $	Equity transfer valuation $
June 19, 2025	1,000,000	0.50	12,500,000	0.04	500,000
July 30, 2025	1,000,000	0.50	8,333,333	0.06	500,000
August 28, 2025	1,050,000	0.50	8,750,000	0.06	525,000
Totals	3,050,000		29,583,333		1,525,000

Directors and officers of the Company are also directors and officers of the investee corporation as at June 30, 2026 and December 31, 2025.

5. MUSIC ROYALTIES

	Amount $
Cost	
Balance – December 31, 2024, December 31, 2025 and June 30, 2026	251,390
Accumulated Amortization	
Balance, December 31, 2024	36,638
Amortization	11,830
Balance, December 31, 2025	48,468
Amortization	5,915
Balance, June 30, 2026	54,383
Net book value - December 31, 2025	202,922
Net book value – June 30, 2026	197,007

During the three and six months ended June 30, 2026, the Company received royalty income from music royalty assets totaling $4,805 and $12,468 respectively (June 30, 2025 – $6,042 and $14,967).

6. EXPLORATION AND EVALUATION EXPENDITURES

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.

7. SHARE-BASED PAYMENT RESERVE

Stock option plan ("Option Plan")
The Company has an 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 five years. The options are non-assignable and may be granted for a term not exceeding five 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.

Stock options issued
On April 24, 2026, the Company granted 10,000,000 stock options – 2,500,000 stock options to directors and officers (related parties) and 7,500,000 to consultants – to purchase an aggregate of up to 10,000,000 common shares at $0.10 for a period of two years from the date of grant.

These options vested immediately upon grant and were valued upon issuance at $809,548 ($607,161 for options issued to Directors and Officers and $202,387 for options issued to consultants) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 183% based on the Company's annualized volatility, expected life of two years, expected dividend yield of 0%, a risk free rate of 2.82% and a share price of $0.10.

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2024	**3,650,000**	**0.06**	**0.49**
Options expired	(3,650,000)		
Balance as at December 31, 2025	**-**		
Options granted	10,000,000	0.10	2.00
Options exercised (note 8)	(800,000)	0.10	
Balance as at June 30, 2026	**9,200,000**	**0.10**	**1.82**

8. SHARE CAPITAL

Common Shares Authorized
Unlimited number of common shares

	Shares #	Amount $
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
Shares issued in exchange for shares in MRI	29,583,333	1,525,000
Balance as at December 31, 2025	254,606,390	41,754,463
Shares issued for exercise of share options (notes 7 and 13)	800,000	144,764
Balance as at June 30, 2026	255,406,390	41,899,227

Fiscal 2026

- On May 28, 2026, 800,000 stock options were exercised and 800,000 shares were issued from treasury for gross proceeds of $80,000 – $30,000 by related parties and $50,000 by consultants – and the grant date fair value of these options totaling $64,764 was reallocated to share capital.

Fiscal 2025

- On January 13, 2025, the Company completed a non-brokered private placement with related parties 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.
- On June 19, 2025, the Company issued 12,500,000 shares to a private investor in exchange for 1,000,000 shares in MRI at $0.50 per share. The equity swap was valued at $500,000 based on the estimated fair value of the MRI shares received in the transaction.
- On July 30, 2025, the Company issued 8,333,333 shares to a private investor in exchange for 1,000,000 shares in MRI at $0.50 per share. The equity swap was valued at $500,000 based on the estimated fair value of the MRI shares received in the transaction.
- On August 28, 2025, the Company issued 8,750,000 shares to a private investor in exchange for 1,050,000 shares in MRI at $0.50 per share. The equity swap was valued at $525,000 based on the estimated fair value of the MRI shares received in the transaction.

9. 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 June 30,		Six months ended June 30,	
	2026 $	2025 $	2026 $	2025 $
Dividend income	45,450	18,000	90,900	36,000
Professional fees	3,000	3,000	6,000	6,000

Also included in accounts payable and accrued liabilities as at June 30, 2026 is $6,780 (December 31, 2025- $3,390) 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.

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

Refer also to Notes 7, 8 and 13.

10. 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 June 30, 2026 and December 31, 2025.

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 June 30, 2026, the Company had cash of $39,689 (December 31, 2025 - $30,375) to settle current liabilities of $149,225 (December 31, 2025 - $142,768) excluding the contingent liability of a subsidiary totaling $2,842,000 (USD$2,000,000) (December 31, 2025 - $2,741,200 (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.

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 June 30, 2026 and December 31, 2025, the Company held the following United States dollar ("USD") monetary assets and liabilities:

	June 30, 2026 USD	December 31, 2025 USD
Cash	2,680	6,683
Other liability of subsidiary	(2,000,000)	(2,000,000)
Total USD monetary assets	(1,997,320)	(1,993,317)

As at June 30, 2026 and December 31, 2025, the Company held the following Mexican Peso ("MXN") monetary assets and liabilities:

	June 30, 2026 MXN	December 31, 2025 MXN
Cash	38,908	93,380
Accounts payable and accrued liabilities	(358,797)	(358,797)
Total Mexican monetary assets	(319,889)	(265,417)

10. FINANCIAL INSTRUMENTS (CONTINUED)

A 10% increase (decrease) in the fair value of the USD monetary assets as at June 30, 2026 would result in an estimated increase (decrease) in net income (loss) of approximately $284,000 (December 31, 2025 –$274,000).

A 10% increase (decrease) in the fair value of the Mexican monetary assets and liabilities as at June 30, 2026 would result in an estimated increase (decrease) in net income (loss) of approximately $2,400 (December 31, 2025 –$2,000).

Fair value of financial instruments

Fair Value 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 June 30, 2026 and December 31, 2025, 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).

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at June 30, 2026 and December 31, 2025.

	Level 1	Level 2	Level 3
Private investment	-	-	$ 2,525,000

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 was a recent financing done by the investee.

There were no transfers between levels during the three and six months ended June 30, 2026.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at June 30, 2026 and December 31, 2025. 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 operations.

Investment, fair value	June 30, 2026	December 31, 2025
Beginning balance of period	$ 2,525,000	$ 1,000,000
Purchase – shares	-	1,525,000
Balance, end of period	$ 2,525,000	$ 2,525,000

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 June 30, 2026. As at June 30, 2026 and December 31, 2025, a +/- 10% change in the fair value of Music Royalties Inc. will result in a corresponding +/- $253,000 change in net loss.

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.

11. 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 June 30, 2026 and December 31, 2025.

12. 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.

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 $2,842,000 (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.

13. SUBSEQUENT EVENTS

On July 9, 2026, 200,000 stock options were exercised by related parties and 200,000 shares were issued from treasury for gross proceeds of $20,000 and the grant date fair value of these options totaling $16,191 was reallocated to share capital.