

HIGHWAY 50 GOLD CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED**

DECEMBER 31, 2025 AND 2024

(Expressed in Canadian Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Highway 50 Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Highway 50 Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 and the consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. As stated in Note 1, these items may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”)

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company’s E&E Assets was \$2,008,418 as of December 31, 2025. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company’s recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Caspary LLP

Chartered Professional Accountants

Vancouver, Canada

April 27, 2026

Highway 50 Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2025	December 31, 2024
ASSETS		
Current		
Cash	\$ 3,106,346	\$ 18,290
Receivables	22,113	1,995
Prepaid expenses (Note 6)	71,627	8,407
	<u>3,200,086</u>	<u>28,692</u>
Reclamation bonds	17,537	18,386
Right of use asset (Note 9)	33,900	61,020
Exploration and evaluation assets (Note 4)	2,008,418	1,241,989
	<u>\$ 5,259,941</u>	<u>\$ 1,350,087</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 110,157	\$ 19,827
Loans payable (Notes 6, 7)	595,726	-
Lease liabilities (Note 9)	29,228	25,938
	<u>735,111</u>	<u>45,765</u>
Non-current		
Loans payable (Notes 6, 7)	-	542,318
Lease liabilities (Note 9)	7,869	37,097
	<u>742,980</u>	<u>625,180</u>
Total liabilities	<u>742,980</u>	<u>625,180</u>
Shareholders' equity		
Capital stock (Note 5)	14,720,522	10,487,978
Stock compensation reserve (Note 5)	3,323,503	2,931,805
Deficit	(13,527,064)	(12,694,876)
	<u>4,516,961</u>	<u>724,907</u>
Total shareholders' equity	<u>4,516,961</u>	<u>724,907</u>
Total liabilities and shareholders' equity	<u>\$ 5,259,941</u>	<u>\$ 1,350,087</u>

Nature and continuance of operations (Note 1)

Subsequent event (Note 13)

On behalf of the Board:

“Gordon P. Leask”

Director

“Megan Cameron-Jones”

Director

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

Highway 50 Gold Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2025	2024
EXPENSES		
Accounting and audit (Note 6)	\$ 80,127	\$ 75,916
Amortization (Note 9)	27,120	26,220
Bank charges	705	787
Consulting fees (Note 6)	180,075	24,000
Investor relations and shareholder information	79,796	3,352
Lease accretion (Note 9)	6,162	6,235
Legal	24,786	25,291
Loan accretion (Note 7)	66,606	20,858
Office and administration	10,173	32,405
Stock-based compensation (Note 5 and 6)	332,729	42,606
Transfer agent and listing fees	30,418	20,821
Travel	12,813	5,334
	(851,510)	(283,825)
Write-off of equipment	-	(6,904)
Foreign exchange	(15,467)	(43,952)
Write-down of exploration and evaluation assets (Note 4)	(17,287)	(71,038)
Loss on loan modification (Note 7)	-	(439,569)
Gain on lease termination (Note 9)	-	1,732
Other income	52,076	-
Loss and comprehensive loss for the year	\$ (832,188)	\$ (843,556)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding, basic and diluted	30,998,081	23,031,259

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

Highway 50 Gold Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (832,188)	\$ (843,556)
Items not affecting cash:		
Amortization	27,120	26,220
Lease accretion	6,162	6,235
Gain on lease termination	-	(1,732)
Loan accretion	66,606	20,858
Stock-based compensation	332,729	42,606
Loss on loan modification	-	439,569
Write-off of equipment	-	6,904
Unrealized foreign exchange	(12,349)	41,212
Write-down of exploration and evaluation assets	17,287	71,038
Change in non-cash working capital items:		
Receivables	(20,118)	(231)
Prepaid expenses	(63,220)	(846)
Accounts payable and accrued liabilities	27,666	4,927
	<u>(450,305)</u>	<u>(186,796)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	<u>(721,052)</u>	<u>(243,679)</u>
	<u>(721,052)</u>	<u>(243,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(32,100)	(31,205)
Issuance of common shares for cash	4,460,350	-
Share issuance costs	(288,997)	-
Proceeds from exercise of warrants	120,160	32,000
Proceeds from exercise of stock options	-	55,050
Proceeds from loan payable	-	250,000
	<u>4,259,413</u>	<u>305,845</u>
Change in cash	3,088,056	(124,630)
Cash, beginning	<u>18,290</u>	<u>142,920</u>
Cash, end	<u>\$ 3,106,346</u>	<u>\$ 18,290</u>

Supplemental disclosure with respect to cash flows (Note 11)

Highway 50 Gold Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Stock Compensation Reserve	Deficit	Total
Balance, December 31, 2023	22,887,109	\$ 10,339,435	\$ 2,355,608	\$ (11,851,320)	\$ 843,723
Exercise of stock options	183,500	86,779	(31,729)	-	55,050
Exercise of warrants	100,000	61,764	(29,764)	-	32,000
Stock-based compensation	-	-	42,606	-	42,606
Warrant issued on loan modification	-	-	595,084	-	595,084
Loss for the year	-	-	-	(843,556)	(843,556)
Balance, December 31, 2024	23,170,609	\$ 10,487,978	\$ 2,931,805	\$ (12,694,876)	\$ 724,907
Issuance of common shares for cash	14,867,833	4,460,350	-	-	4,460,350
Share issue costs	-	(459,730)	170,733	-	(288,997)
Exercise of warrants	375,500	231,924	(111,764)	-	120,160
Stock-based compensation	-	-	332,729	-	332,729
Loss for the year	-	-	-	(832,188)	(832,188)
Balance, December 31, 2025	38,413,942	\$ 14,720,522	\$ 3,323,503	\$ (13,527,064)	\$ 4,516,961

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Highway 50 Gold Corp. (the “Company”) is a Canadian company incorporated in British Columbia. The Company’s activities have focused on exploration and evaluation assets located in British Columbia and Nevada, USA. The Company’s registered and records office is at Suite 1400, 1050 West Pender Street, Vancouver, BC, V6E 3S7. The Company’s head office is at 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6. The common shares of the Company are listed on the TSX Venture Exchange (the “Exchange”) and trade under the symbol “HWY”.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2025, the Company had working capital surplus of \$2,464,975 and an accumulated deficit of \$13,527,064. These items may cast a significant doubt on the Company’s ability to continue as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

During the year ended December 31, 2025, the Company consolidated its capital stock on a two for one basis. These consolidated financial statements reflect the share consolidation retroactively.

These consolidated financial statements were authorized by the board of directors of the Company on April 27, 2026.

2. BASIS OF PREPARATION

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company’s exploration and evaluation assets does not necessarily represent present or future values, and the Company’s exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management’s assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company’s exploration and evaluation assets properties.

To the extent that any of management’s assumptions change, there could be a significant impact on the Company’s future financial position, operating results and cash flows.

Carrying value of lease liabilities

The carrying amount of the Company’s lease liabilities represents the present value of minimum lease payments discounted at the Company’s borrowing rate. The Company’s borrowing rate is dependent on management’s assessment of the rate at which the Company will be able to obtain financing in the open market, as well as comparison with similar companies within the industry.

2. BASIS OF PREPARATION (cont'd...)

Carrying value and modification of related party loans

The Company determined the amended terms of the loans payable constituted a substantial modification and accordingly recognized a loss on loan modification associated with extinguishing the old loans payable liability and recognizing the new loans payable carrying amount based on the amended terms. The carrying amount of the Company's modified related party loans represents the present value of loan balance at maturity, discounted at the Company's borrowing rate. The Company's borrowing rate is dependent on management's assessment of the rate at which the Company will be able to obtain financing in the open market, as well as comparison with similar companies within the industry.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 6). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the entities' functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the entity that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (continued)

Classification (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The classification of the Company's financial instruments is as follows:

<u>Asset or Liability</u>	<u>Classification</u>
Cash	Amortized cost
Receivables	Amortized cost
Reclamation bonds	Amortized cost
Accounts payables and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Loans payable	Amortized cost

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (continued)

Measurement (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income (“OCI”) and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

At each reporting date, the Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default, occurring on the asset at the reporting date, with the risk of default as at the date of initial recognition. The Company also considers other information including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

Exploration and evaluation assets

Costs related to pre-exploration are expensed as incurred while costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Each of the Company’s exploration and evaluation assets is considered to be a cash generating unit. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

The Company does not have a reclamation obligation for the years presented.

Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The major categories of equipment are amortized as follows:

- Vehicles - 30% declining balance basis
- Office furnishings - 20% declining balance basis

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

Income (loss) per share

The Company presents basic income (loss) per share for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is antidilutive.

Stock-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Income taxes

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use (“ROU”) asset and corresponding lease liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and an interest expense in profit or loss. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

New accounting standards and interpretations issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

The International Accounting Standards Board (IASB) issued IFRS 18 in April 2024, which sets out new requirements for the presentation and disclosure of financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

The Company is currently assessing the potential impact of IFRS 18 on its consolidated financial statements. The standard introduces significant changes, including mandatory sub-totals in the statement of profit or loss, and new requirements for the aggregation and disaggregation of information. The Company expects that the adoption of IFRS 18 will result in more detailed and transparent financial reporting.

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4. EXPLORATION AND EVALUATION ASSETS

	Johnson Canyon, Nevada, USA	Gold Knob, Nevada, USA	Golden Brew, Nevada, USA	Quito North, Nevada, USA	Total
ACQUISITION					
Balance, December 31, 2023	\$ -	\$ 1,010,108	\$ -	\$ -	\$ 1,010,108
Property payments	54,591	135,869	16,447	22,268	229,175
Write-down of exploration & evaluation assets	(54,591)	-	(16,447)	-	(71,038)
Balance, December 31, 2024	-	1,145,977	-	22,268	1,168,245
Property payments	54,062	153,735	16,288	149,317	373,402
Write-down of exploration & evaluation assets	-	-	(16,288)	-	(16,288)
Balance, December 31, 2025	\$ 54,062	\$ 1,299,712	\$ -	\$ 171,585	\$ 1,525,359
EXPLORATION					
Balance, December 31, 2023	\$ -	\$ 44,340	\$ -	\$ -	\$ 44,340
Assays	-	847	-	-	847
Mapping	-	-	-	7,507	7,507
Administrative	-	-	-	795	795
Property exam	-	-	-	5,686	5,686
Travel	-	-	-	14,569	14,569
Balance, December 31, 2024	-	45,187	-	28,557	73,744
Assays	-	10,335	999	1,267	12,601
Mapping	-	34,944	-	37,775	72,719
Survey	-	2,485	-	-	2,485
Administrative	-	1,500	-	-	1,500
Consulting	-	97,122	-	32,530	129,652
Geophysics	-	78,547	-	35,903	114,450
Field Operations	-	23,705	-	18,244	41,949
Travel	-	16,560	-	18,398	34,958
Write-down of exploration & evaluation assets	-	-	(999)	-	(999)
Balance, December 31, 2025	\$ -	\$ 310,385	\$ -	\$ 172,674	\$ 483,059
CARRYING VALUE					
December 31, 2024	\$ -	\$ 1,191,164	\$ -	\$ 50,825	\$ 1,241,989
December 31, 2025	\$ 54,062	\$ 1,610,097	\$ -	\$ 344,259	\$ 2,008,418

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in the United States.

The Company is required to post bonds with the Bureau of Land Management (“BLM”) as security towards future site restoration work and will be released to the Company upon satisfactory completion of that work. The bonds posted relate to the Golden Brew and Johnson Canyon properties.

Johnson Canyon Property, Lander County, Nevada

The Company holds a 100% interest in the Johnson Canyon project, located in Lander County, Nevada.

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Gold Knob Property, Pershing County, Nevada

The Company holds a 100% interest in the Gold Knob property located in Pershing county, Nevada. Out of a 3% net smelter return (“NSR”) royalty, the Company may repurchase up to 2% for US\$1 million for each 1% of the NSR.

Golden Brew Property, Lander County, Nevada

The Company holds a 100% interest in the Golden Brew claims subject to a royalty payable on production equal to a 0.5% NSR on certain claims payable to Genesis Gold Corporation.

As at December 31, 2024 and 2025, due to a lack of planned exploration expenditure, the value has been written down to \$Nil.

Quito North Property, Nevada

The Company staked claims located in central Nevada during the year ended December 31, 2024 at a cost of \$22,268. The Company staked additional claims during the year ended December 31, 2025 at a cost of \$149,317.

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

Authorized

Unlimited number of common shares without par value. All issued shares are fully paid.

During the year ended December 31, 2025, the Company consolidated its capital stock on a two for one basis. These consolidated financial statements reflect the share consolidation retroactively.

During the year ended December 31, 2025, the Company:

- a) Closed the first tranche of a non-brokered private placement of 11,388,667 units at a price of \$0.30 for gross proceeds of \$3,416,600. Each unit consists of one common share and one-half of one common share purchase warrant (each a “Warrant”). Each Warrant entitles the holder to purchase one common share at a purchase price of \$0.50 until June 26, 2027. In relation to the private placement, the Company paid \$189,886 cash finder’s fees and issued 632,954 finder’s warrants valued at \$138,246, exercisable at \$0.50 until June 26, 2026. The finder’s warrants were valued using the Black Scholes pricing model with the following assumptions: term of 1 year, expected volatility of 138.98%, risk-free rate of 2.63%, and expected dividends of \$nil. The Company paid an additional \$1,000 of share issue costs related to the financing.
- b) Closed the second tranche of a non-brokered private placement of 3,479,166 units at a price of \$0.30 for gross proceeds of \$1,043,750. Each unit consist of one common share and one-half of one common share purchase warrant (each a “Warrant”). Each warrant entitle the holder to purchase one common share of the company at a purchase price of \$0.50 until July 7, 2027. In relation to the private placement, the Company paid \$44,548 cash finder’s fees and issued 148,493 finder’s warrants valued at \$32,487, exercisable at \$0.50 until July 7, 2026. The finder’s warrants were valued using the Black Scholes pricing model with the following assumptions: term of 1 year, expected volatility of 139.19%, risk-free rate of 2.69%, and expected dividends of \$nil. The Company paid an additional \$53,563 of share issue costs related to the financing.
- c) Issued 375,500 shares in relation to the exercise of warrants for proceeds of \$120,160. The Company reallocated \$111,764 from stock compensation reserve to capital stock in relation to the exercise.

During the year ended December 31, 2024, the Company:

- a) Issued 183,500 shares in relation to the exercise of stock options for proceeds of \$55,050. The Company reallocated \$31,729 from stock compensation reserve to capital stock in relation to the exercise.
- b) Issued 100,000 shares in relation to the exercise of warrants for proceeds of \$32,000. The Company reallocated \$29,764 from stock compensation reserve to capital stock in relation to the exercise.

Stock options

Under the Company’s rolling stock option plan, the Company may grant options, with a maximum term of ten years, for up to 10% of the Company’s issued and outstanding common shares, to directors, employees and consultants at exercise prices to be determined by the market value on the date of grant. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted with the exception of options granted in relation to investor relations. Options granted to consultants engaged in investor relations activities must vest no earlier than as to one-quarter upon the grant date and as to a further one-quarter after each of the following three four-month periods.

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5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd...)

Stock options (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2023	2,267,500	\$ 0.52
Granted	185,000	0.32
Exercised	(183,500)	0.30
Balance, December 31, 2024	2,269,000	\$ 0.52
Granted	1,200,000	0.44
Expired	(762,500)	0.74
Balance, December 31, 2025	2,706,500	\$ 0.42

At December 31, 2025, the following incentive stock options were outstanding to directors, officers and employees:

Number of Options Outstanding	Exercise Price (\$)	Expiry Date	Number of Options Exercisable
100,000	0.76	*January 4, 2026	100,000
230,000	0.70	April 30, 2026	230,000
100,000	0.50	December 2, 2027	100,000
891,500	0.30	June 6, 2028	891,500
185,000	0.32	August 26, 2029	185,000
1,200,000	0.44	July 14, 2030	500,000
2,706,500			2,006,500

*Subsequent to the year ended December 31, 2025, 100,000 options expired unexercised.

Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting. During the year ended December 31, 2025, the Company recognized \$332,729 (2024 - \$42,606) in stock-based compensation expense with respect to options granted and vested during the year. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected forfeiture rate	0%	0%
Risk-free interest rate	3.04%	2.95%
Expected life of options	5	5
Annualized volatility	102.47%	92.32%
Dividend	0%	0%
Weighted average fair value per option	\$0.34	\$0.23

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5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd...)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2023	1,374,067	\$ 0.40
Granted	1,999,339	0.32
Exercised	(100,000)	0.32
Balance, December 31, 2024	3,273,406	0.35
Granted	8,215,363	0.50
Exercised	(375,500)	0.32
Expired	(124,783)	0.40
Balance, December 31, 2025	10,988,486	\$ 0.46

At December 31, 2025, the following share purchase warrants were issued and outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,249,284	\$0.40	May 16, 2026*
632,954	\$0.50	June 26, 2026
148,493	\$0.50	July 7, 2026
1,523,839	\$0.32	September 25, 2026
5,694,332	\$0.50	June 26, 2027
1,739,584	\$0.50	July 7, 2027
10,988,486		

*1,249,284 warrants were extended from May 16, 2025 to May 16, 2026.

Bonus warrants

During the year ended December 31, 2024, the Company recognized \$595,084 in fair value with respect to 1,999,339 bonus warrants issued in relation to related party loan (Notes 6, 7). The Company recorded these bonus warrants as a loss on loan modification. Each bonus warrant entitles the holder to acquire one common share at an exercise price of \$0.32 for a two-year period. The following weighted average assumptions were used for the Black-Scholes valuation of bonus warrants issued:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected forfeiture rate	-	0%
Risk-free interest rate	-	2.95%
Expected life of warrants	-	2
Annualized volatility	-	97.56%
Dividend	-	0%
Weighted average fair value per warrant	-	\$0.30

Finder's warrants

During the year ended December 31, 2025, the Company recognized \$170,733 in fair value with respect to 781,447 finder's warrants issued in relation to a private placement. The following weighted average assumptions were used for the Black-Scholes valuation of finder's warrants issued:

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd...)

Finder's warrants (cont'd...)

	Year ended December 31, 2025	Year ended December 31, 2024
Expected forfeiture rate	0%	-
Risk-free interest rate	2.64%	-
Expected life of warrants	1	-
Annualized volatility	139.02%	-
Dividend	0%	-
Weighted average fair value per warrant	\$0.22	-

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors.

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

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Highway 50 Gold (US) Inc.	Nevada, USA	100%	Mineral exploration

All transactions with related parties are in the normal course of operations and are measured at their fair value as determined by management.

During the year ended December 31, 2025, the Company entered into the following transactions with related parties:

- a) Eagle Putt Ventures Inc. ("Eagle Putt") is a private company controlled by Mr. Gordon P. Leask, a director and officer of the Company. For the year ended December 31, 2025, Eagle Putt charged \$53,200 (2024 - \$Nil) which are classified as consulting for exploration and evaluation assets. As at December 31, 2025, the Company owed \$55,860 (2024 - \$6,586) to Eagle Putt.

During the year ended December 31, 2020, the Company received loans of \$75,000 and US\$116,753 from Eagle Putt. During the year ended December 31, 2024, the Company received another \$125,000 loan from Eagle Putt. As at December 31, 2025, the Company has loans outstanding of \$200,000 and US\$116,753 from Eagle Putt for total carry value of \$332,515 (2024 - \$301,946) (Note 7).

- b) Rangefront Exploration Corp. ("Rangefront") is a private company controlled by Mr. John M. Leask, a director to the Company. For the year ended December 31, 2025, Rangefront charged \$19,600 (2024 - \$Nil) which are classified as consulting and mapping for exploration and evaluation assets. As at December 31, 2025, the Company owed \$23,468 (2024 - \$12,828) to Rangefront.

During the year ended December 31, 2020, the Company received a US\$143,505 loan from Rangefront, out of which US\$26,753 had been repaid. During the year ended December 31, 2024, the Company received a \$250,000 loan from Rangefront, out of which \$125,000 had been repaid. As at December 31, 2025, the Company has loans outstanding of \$125,000 and US\$116,752 from Rangefront for total carry value of \$263,211 (2024 - \$240,372) (Note 7).

- c) Megan Cameron-Jones is a director and officer of the Company. For the year ended December 31, 2025, Megan Cameron-Jones charged \$42,000 (2024 - \$Nil) for management services which are classified as consulting fees in the consolidated statements of profit or loss. As at December 31, 2025, the Company owed \$Nil (December 31, 2024 - \$Nil) to Megan Cameron-Jones.

- d) Cross Davis & Co. LLP ("Cross Davis") is an accounting firm of which Scott Davis, an officer of the Company, is a partner. For the year ended December 31, 2025, Cross Davis charged \$36,000 (2024 - \$36,000) which is classified as accounting fees in the consolidated statements of profit or loss. At December 31, 2025, the Company recorded a prepaid expense of \$3,150 (2024 - \$3,150) to Cross Davis.

- e) Recognized stock-based compensation of \$Nil (2024 - \$42,606) for granted stock options.

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7. RELATED PARTY LOAN

During the year ended December 31, 2024, the loans were transferred to a term loan maturing on August 31, 2026 and 1,116,857 bonus warrants (Note 5) were issued to Eagle Putt at fair value of \$332,422 in connection with the loan. As at December 31, 2025, the Company has loans outstanding of \$200,000 and US\$116,753 from Eagle Putt.

During the year ended December 31, 2024, the loans were transferred to a term loan maturing on August 31, 2026 and 882,482 bonus warrants (Note 5) were issued to Rangefront at fair value of \$262,662 in connection with the loan. As at December 31, 2025, the Company has a loan outstanding of \$125,000 and US\$116,752 from Rangefront.

The Company recorded a gain on loan modification of \$155,515 during the year ended December 31, 2024, offset against transaction costs of \$595,084 associated with the grant of bonus warrants (Note 5), resulting in a loss on loan modification of \$439,569. During the year ended December 31, 2025, the Company recorded \$66,606 accretion (2024 - \$20,858) related to these loans.

	Eagle Putt	Rangefront	Total
Carry value, December 31, 2023	\$ 229,662	\$ 154,662	\$ 384,324
Loan additions, net of repayments	125,000	125,000	250,000
Gain on loan modification	(85,654)	(69,861)	(155,515)
Loan accretion	11,612	9,246	20,858
Foreign exchange	21,326	21,325	42,651
Carry value, December 31, 2024	301,946	240,372	542,318
Loan accretion	37,168	29,438	66,606
Foreign exchange	(6,599)	(6,599)	(13,198)
Carry value, December 31, 2025	\$ 332,515	\$ 263,211	\$ 595,726

8. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of exploration and evaluation assets in North America. Geographical information is as follows:

	Total Non-current Assets	Equipment and ROU Asset	Exploration and Evaluation Assets	Reclamation Bonds
December 31, 2025				
Canada	\$ 33,900	\$ 33,900	\$ -	\$ -
United States	2,025,955	-	2,008,418	17,537
	\$ 2,059,855	\$ 33,900	\$ 2,008,418	\$ 17,537
December 31, 2024				
Canada	\$ 61,020	\$ 61,020	\$ -	\$ -
United States	1,260,375	-	1,241,989	18,386
	\$ 1,321,395	\$ 61,020	\$ 1,241,989	\$ 18,386

9. LEASE LIABILITIES

On April 1, 2021, the Company entered into an office space and services agreement that gives the Company the right to use a certain office space in return for \$2,375 monthly base fee, until August 31, 2024. The total present value of the monthly payments is \$80,355, using the financing rate of 12%. During the period ended March 31, 2024, the Company recorded accretion expense of \$480 relating to this lease obligation. As at March 31, 2024, the Company terminated the lease, eliminating the lease liability balance of \$11,527 and the corresponding right of use asset of \$9,795, resulting in a \$1,732 gain on termination.

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9. LEASE LIABILITIES (cont'd...)

On April 1, 2024, the Company entered into a new office space and services agreement that gives the Company the right to use a certain office space in return for \$2,675 monthly base fee, until March 31, 2027. The total present value of the monthly payments is \$81,360, using the financing rate of 12%. At the start of this agreement, the Company recorded \$81,360 as right of use asset and the corresponding lease liabilities. As at December 31, 2025, \$29,228 of the lease liabilities is due within one year and \$7,869 is due over the remaining term of the agreement. During the year ended December 31, 2025, the Company recorded a total accretion expense of \$6,162 relating to the new lease obligation.

As at December 31, 2025, the Company is committed to remaining minimum lease payments as follows:

2026	32,100
2027	<u>8,040</u>
Total undiscounted lease liabilities	<u>\$ 40,140</u>

	Lease Liability
Lease liability, December 31, 2023	\$ 18,172
Lease addition	81,360
Lease accretion	6,235
Lease payments	(31,205)
Lease termination	<u>(11,527)</u>
Lease liability, December 31, 2024	63,035
Lease accretion	6,162
Lease payments	<u>(32,100)</u>
Lease liability, December 31, 2025	37,097
Non-current portion	<u>(7,869)</u>
Current portion	\$ 29,228

	Right of Use Asset
COSTS	
Balance, December 31, 2023	\$ 80,355
Addition	81,360
Termination	<u>(80,355)</u>
Balance, December 31, 2024 and December 31, 2025	<u>81,360</u>
ACCUMULATED AMORTIZATION	
Balance, December 31, 2023	\$ 64,680
Amortization	26,220
Termination	<u>(70,560)</u>
Balance, December 31, 2024	20,340
Amortization	<u>27,120</u>
Balance, December 31, 2025	<u>47,460</u>
NET BOOK VALUE	
December 31, 2024	\$ 61,020
December 31, 2025	\$ 33,900

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value of the Company's cash, receivables, reclamation bonds, accounts payable and accrued liabilities, lease liabilities, and loans payable approximate carrying value, which are the amounts on the consolidated statements of financial position.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institutions in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of tax credits due from the government of Canada. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. As at December 31, 2025, the Company had a cash balance of \$3,106,346 to settle current liabilities of \$735,111.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, reclamation bond, loans payable and accounts payable that are denominated in United States dollars ("US\$"). A 10% fluctuation in the US\$ against the Canadian dollar would affect profit or loss for the year by approximately \$108,500.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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10. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2025, the Company:

- Reallocated of \$111,764 from share compensation reserve to share capital in relation to the exercise of warrants.
- Included \$77,564 in exploration and evaluation assets which relates to accounts payable and accrued liabilities.
- Included \$170,733 fair value of finder's warrants in share issue costs.

During the year ended December 31, 2024:

- Granted 1,999,339 bonus warrants pursuant to a loan modification agreement, valued at \$595,084.
- Recorded \$81,360 as right of use asset and the corresponding lease liabilities.
- Accrued \$14,900 in exploration and evaluation assets through accounts payable and accrued liabilities.

For the period ended December 31,	2025	2024
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Income (loss) for the year	\$ (832,188)	\$ (843,556)
Expected income recovery	\$ (225,000)	\$ (228,000)
Change in statutory, foreign tax, foreign exchange rates and other	(36,000)	26,000
Permanent difference	97,000	(1,000)
Impact of flow through shares	-	7,000
Adjustment to prior year estimates	168,000	(885,000)
Share issuance cost	(78,000)	-
Change in unrecognized deductible temporary differences	74,000	1,081,000
Income tax recovery	\$ -	\$ -

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For the years ended December 31, 2025 and 2024

12. INCOME TAXES (cont'd...)

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

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 3,176,000	No expiry date	\$ 3,221,000	No expiry date
Property and equipment	21,000	No expiry date	30,000	No expiry date
Share issue costs	257,000	2044 to 2048	52,000	2044 to 2047
Right of use asset	3,000	No expiry date	2,000	No expiry date
Debt with accretion	37,000	No expiry date	(76,000)	No expiry date
Non-capital losses available for future periods	5,884,000	2033 to 2045	5,856,000	2033 to 2044
Canada	\$ 5,534,000	2033 to 2045	\$ 5,634,000	2033 to 2044
USA	351,000	No expiry date	222,000	No expiry date

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

13. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2025, the Company:

- Closed a non-brokered private placement of 6,035,000 units at a price of \$0.40 for gross proceeds of \$2,414,000. Each unit consists of one common share and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one common share at a purchase price of \$0.50 until March 13, 2027. In relation to the private placement, the Company paid \$110,040 cash finder's fees and issued 275,100 finder's warrants exercisable at \$0.50 until March 13, 2027.
- Granted 1,811,000 incentive stock options to certain directors, officers and consultants to the Company, exercisable at \$0.47 until March 23, 2031. The options will vest over a one-year period.
- Granted 1,545,000 restricted share units ("RSUs") to certain directors, officers and consultants to the Company. The RSUs shall vest in two equal tranches, with one-half vesting on each of the second and third anniversaries of the date of grant. Upon vesting, each RSU shall entitle the holder to receive one share.