
FINLAY MINERALS LTD.

Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Finlay Minerals Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Finlay Minerals Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying 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 ("IFRS").

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 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 financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects. The Company's ability to remain a going concern is dependent upon successfully pursuing equity or debt financing to support operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 2 – Material accounting policy information - Significant accounting judgments, estimates and assumptions, Accounting policy for Exploration and evaluation expenditures, and note 6 Exploration and</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

evaluation assets

Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.
- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
April 28, 2026

FINLAY MINERALS LTD.**Statements of Loss and Comprehensive Loss****FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024***See accompanying notes to the financial statements**Expressed in Canadian dollars*

	Year Ended December 31, 2025 \$	Year Ended December 31, 2024 \$
Operating costs and expenses		
Accounting	79,146	30,915
Advertising and promotion	87,789	85,604
Bank charges and interest	4,509	3,418
Consulting	8,483	4,741
Insurance	25,180	16,192
Legal	104,499	22,715
Office and administration	76,682	55,645
Rent	17,379	16,873
Salaries and benefits (Note 8)	100,910	70,974
Stock-option compensation (Notes 8 and 10)	256,935	-
Travel and accommodation	11,592	866
Trust and filing fees	57,591	21,109
	<u>830,695</u>	<u>329,052</u>
Loss before other items	(830,695)	(329,052)
Operator's fee income	260,264	-
Flow-through share premium recovery (Note 14)	110,096	-
Part XII.6 tax	-	(2,268)
Foreign exchange loss	(1,804)	(867)
Dividend income net of withholding tax	109	595
Interest Income	28,036	15,777
	<u>(433,994)</u>	<u>(315,815)</u>
Loss before income taxes	(433,994)	(315,815)
Deferred income tax recovery (expense) (Note 13)	(49,540)	100,583
	<u>(483,534)</u>	<u>(215,232)</u>
Net loss for the year	(483,534)	(215,232)
Other comprehensive income (loss) items that may not be reclassified subsequently to profit or loss:		
Realized gain on sale of marketable securities	42,308	4,021
Net change in fair value of marketable securities	77,872	(61,475)
	<u>120,180</u>	<u>(57,454)</u>
Net loss and comprehensive loss for the year	<u>(363,354)</u>	<u>(272,686)</u>
Weighted average number of common shares	<u>152,937,779</u>	<u>138,286,095</u>
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.00)</u>

FINLAY MINERALS LTD.

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

See accompanying notes to the financial statements

Expressed in Canadian dollars

	Year Ended December 31, 2025 \$	Year Ended December 31, 2024 \$
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Net loss for the year	(483,534)	(215,232)
Add (deduct) non-cash items		
Flow-through share premium recovery	(110,096)	-
Stock-option compensation	256,935	-
Deferred income tax (recovery) expense	49,540	(100,583)
	<u>(287,155)</u>	<u>(315,815)</u>
Changes in non-cash working capital		
GST receivable	(52,575)	(4,824)
Interest receivable	(1,586)	-
Prepaid expenses	(31,530)	18,309
Accounts payable and accrued liabilities	22,401	655
Due to related parties	(4,853)	771
	<u>(355,298)</u>	<u>(300,904)</u>
Investing Activities		
Mineral property costs	(3,931,667)	(183,050)
Mineral property costs recovery	3,065,458	-
Project cost advances received	520,460	-
Cash received pursuant to Earn-In Agreements	325,000	-
Reclamation deposits	(31,000)	-
Proceeds from sale of marketable securities	103,204	74,199
	<u>51,455</u>	<u>(108,851)</u>
Financing Activities		
Warrants exercised	266,667	200,000
Proceeds received from private placements	3,382,560	-
Share issue costs	(234,097)	-
	<u>3,415,130</u>	<u>200,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,111,287	(209,755)
Cash and cash equivalents, beginning of the year	<u>208,297</u>	<u>418,052</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>3,319,584</u>	<u>208,297</u>
<i>Cash and cash equivalents includes cash and short-term investments.</i>		
Cash	1,795,998	119,017
Short-term deposits	15,008	14,280
GIC	1,508,578	75,000
	<u>3,319,584</u>	<u>208,297</u>

See Note 15 for supplementary cash flow information

FINLAY MINERALS LTD.

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

See accompanying notes to the financial statements

Expressed in Canadian dollars

	Number of Shares	Share Capital \$	Contributed Surplus \$	Investment Revaluation Reserve \$	Deficit \$	Total Equity \$
December 31, 2023	138,111,232	12,718,878	2,427,132	34,865	(5,000,917)	10,179,958
Warrants exercised (Note 10)	2,000,000	200,000	-	-	-	200,000
Other comprehensive loss for the year	-	-	-	(57,454)	-	(57,454)
Net loss for the year	-	-	-	-	(215,232)	(215,232)
December 31, 2024	140,111,232	12,918,878	2,427,132	(22,589)	(5,216,149)	10,107,272
Warrants exercised (Note 10)	2,666,666	266,667	-	-	-	266,667
Private placements (Note 10)	27,123,087	3,338,560	44,000	-	-	3,382,560
Share issue costs (Note 10)	-	(361,119)	127,022	-	-	(234,097)
Stock-option compensation	-	-	256,935	-	-	256,935
Flow-through share premium liability (Note 14)	-	(436,802)	-	-	-	(436,802)
Other comprehensive income for the year	-	-	-	120,180	-	120,180
Net loss for the year	-	-	-	-	(483,534)	(483,534)
December 31, 2025	169,900,985	15,726,184	2,855,089	97,591	(5,699,683)	12,979,181

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

1) NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the acquisition and exploration of resource properties. The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared on a going-concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred operating losses since inception with a comprehensive loss for the year ended December, 31, 2025 of \$363,354, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going-concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going-concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going-concern will be impaired. The outcome of these matters cannot be predicted at this time.

2) MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments which are either cashable or having terms to maturity of 90 days or less when acquired.

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

2) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

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

- the determination that the Company will continue as a going-concern for the next year;
- the estimation of the fair value of stock-option compensation and finder's warrants using market-based valuation techniques; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

Exploration and evaluation expenditures

Once a license to explore an area has been secured, expenditures on mineral properties are capitalized to exploration and evaluation assets.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered they are charged to operations. Option payments received as part of Earn-In agreements are netted against exploration and evaluation assets. The Company earns an operator's fee in relation to exploration expenditures incurred on its PIL and ATTY properties which are recognized as other income on the statement of loss and comprehensive loss.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue the shares was concluded. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded in contributed surplus. The fair value of finder's warrants issued as part of a private placement is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The value of finder's warrants is recognized in contributed surplus and is transferred to share capital upon the exercise of the finder's warrants.

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

2) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the 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 profit or loss for the year.

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

Income taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the income tax act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company often issues flow-through shares as part of its equity financing transactions in order to fund its exploration activities. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of subscription. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized through the statement of loss and comprehensive loss as the eligible expenditures are incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may be required to indemnify the flow-through shareholders for any tax and other costs payable by them if the required exploration expenditures are not incurred before the deadline. The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, the indemnification expense and the Part XII.6 tax are accrued as a flow-through tax expense.

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

2) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to exploration and evaluation assets with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and a corresponding amount is transferred to share capital from contributed surplus.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

Reclamation deposits

The Company maintains cash deposits as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled. Reclamation deposits are classified as non-current assets.

Mineral Exploration Tax Credit ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the Canada Revenue Agency or when the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents and interest receivable are classified as subsequently measured at amortized cost.

Investments in Cascadia Minerals Ltd. (formerly ATAC Resources Ltd.) and Hecla Mining Company are irrevocably classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

Financial liabilities

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Accounts payable and accrued liabilities are subsequently measured at amortized cost.

Project cost advances received are measured at amortized cost.

Due to related parties is subsequently measured at amortized cost.

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

There are no new accounting standards or recent pronouncements that the Company anticipates will have a material impact on the financial statements.

4) MARKETABLE SECURITIES

On July 10, 2023, ATAC Resources Ltd. announced the completion of its merger with Hecla Mining Company and the spin-out of the new exploration company, Cascadia Minerals Ltd. As a result of this transaction, the Company's 851,285 ATAC Resources Ltd. shares were converted to 14,131 Hecla Mining Company shares and 85,128 Cascadia Mineral shares. On December 8, 2023, the Company was issued a further 264,690 Cascadia Minerals Ltd. shares pursuant to the second-year share issuance obligations relating to the PIL Property Option Agreement. During the year ended December 31, 2024, the Company sold 162,000 shares of Cascadia Minerals Ltd. and 4,000 shares of Hecla Mining Company. During the year ended December 31, 2025, the Company sold 60,000 shares of Cascadia Minerals Ltd. and 7,131 shares of Hecla Mining Company for gross proceeds of \$103,204. At December 31, 2025, the Company held a total of 127,818 shares of Cascadia Minerals Ltd. and 3,000 shares of Hecla Mining Company. The shares of Hecla Mining Company are traded on the New York Stock Exchange and the shares of Cascadia Minerals Ltd. are traded on the TSX Venture Exchange.

	December 31, 2025	December 31, 2024
	\$	\$
Marketable securities -- fair value	108,283	91,307
Marketable securities -- cost	54,336	115,232

5) RECLAMATION BONDS

The Company's reclamation bonds relate to the following properties:

	December 31, 2025	December 31, 2024
	\$	\$
Silver Hope	35,500	35,500
PIL	98,000	67,000
ATTY	18,400	18,400
	<u>151,900</u>	<u>120,900</u>

These bonds are expected to be refunded to the Company once the government agencies are satisfied that the Company has performed all necessary reclamation activities.

6) EXPLORATION AND EVALUATION ASSETS

Omineca Mining Division

British Columbia

Silver Hope Claims

The Company has a 100% interest in 45 mineral tenures, eight of which are subject to a 1½% Net Smelter Returns royalty ("NSR") and were acquired during 2006 by the issuance of two million common shares. One half of the NSR (3/4%) is purchasable prior to a production decision for \$1 million dollars.

PIL Claims

The Company has 100% interest in 50 minerals tenures of which:

(i) 23 mineral tenures were acquired from Electrum Resource Corporation ("Electrum"), a private company controlled by common directors of the Company, for consideration to Electrum of nine million common shares (post-subdivision) and a 3.0% NSR (the "3.0% Electrum NSR"). One half of the 3.0% Electrum NSR (1 1/2%) is purchasable prior to a production decision for \$2 million dollars (the "PIL Buy Back Right"). The Company is also obligated to issue a further one million common shares to Electrum when the property is put into commercial production;

(ii) 16 mineral tenures were acquired by staking and are subject to the 3.0% Electrum NSR;

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

6) EXPLORATION AND EVALUATION ASSETS (continued)

(iii) 8 mineral tenures were accepted from Cascadia Minerals Ltd. pursuant to their termination of the PIL Option Agreement on December 27, 2024. 7 of the mineral tenures have an underlying 2.0% NSR in favour of Eagle Plains Resources Ltd. with 1/2 (1%) purchasable prior to a production decision for \$500,000; 6 of these mineral tenures are fractional claims. All 8 mineral claims are subject to the Electrum 3.0% NSR; and

(iv) 3 mineral tenures were purchased from a prospector and are subject to the 3.0% Electrum NSR.

On April 17, 2025, the Company entered into an Earn-In Agreement (the "PIL Earn-In Agreement") with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport"), a wholly-owned subsidiary of Freeport-McMoRan Inc. Freeport has the option to earn an 80% interest in the Company's wholly-owned PIL Property by paying \$3.0 million cash and incurring \$25 million in exploration expenditures over a six-year term with the Company acting as the operator on the PIL and earning an Operator's Fee.

Following the completion of the PIL Earn-In Agreement, Freeport and the Company would hold interests of 80% and 20% respectively, and a joint venture would be formed for further exploration and development. In the event that a party does not fund their portion of further joint venture programs, their interests in the joint venture would dilute. Any party that dilutes to below a 10% interest in the joint venture would exchange its joint venture interest for a NSR royalty of 1% on the PIL Property, which is subject to a 0.5% buyback for US \$2.0 million.

Additionally, the Company and Electrum have entered into an amended and restated royalty agreement (the "A&R PIL Royalty Agreement"), pursuant to which, upon and subject to the exercise of the earn-in in respect of the PIL by Freeport, the PIL Buy Back Right would be amended to provide for a 2.0% royalty buy-back, in consideration for an increased buy-back payment that would be sole-funded by Freeport without joint venture dilution to the Company, and would be divided equally between the Company and Electrum as follows:

(i) US \$10 million if the buyback is exercised on or before the date that is 60 days following the report of an initial Pre-Feasibility Study (as defined in National Instrument 43-101 – Disclosure Standards for Mineral Projects ("NI 43-101")) on the PIL Property;

(ii) US \$15 million if the buyback is exercised on or before the date that is 60 days following the report date of an initial Feasibility Study (as defined in NI 43-101) on the PIL Property; or

(iii) US \$20 million if the buyback is exercised on or after commercial production.

Under the A&R PIL Royalty Agreement, the Company and Electrum have also agreed, subject to the exercise of the applicable Freeport earn-in, to extinguish the share issuance obligation of one million common shares owing to Electrum on a production decision.

The Company initially records the amounts of contributions received or receivable from Freeport pursuant to the PIL Earn-In Agreement as a liability (project cost advances received) in the statements of financial position and subsequently reallocates amounts as cost recoveries in exploration and evaluation assets as the Company incurs the related expenditures. As at December 31, 2025, the Company recorded the project cost advances received balance of \$149,569 (December 31, 2024 - \$nil).

During the year ended December 31, 2025, the Company recorded a gross amount of cost recovery of \$2,612,434 offsetting the expenditures incurred pursuant to the PIL Earn-In Agreement.

ATTY Claims

The Company has 100% interest in 15 minerals tenures. Pursuant to a 1999 Purchase Agreement with Electrum and a 2018 amending agreement, the ATTY Property is subject to a 3.0% Electrum NSR. One-half of the 3.0% Electrum NSR (1 1/2%) is purchasable prior to a production decision for \$1 million dollars (the "ATTY Buy Back Right"). The Company is also obligated to issue five hundred thousand common shares to Electrum on an ATTY production decision.

On August 26, 2022, the Company acquired the ATG Property, comprised of 3 tenures adjacent and contiguous to the ATTY claims from Electrum for consideration consisting of 1,750,000 common shares of the Company with a fair value of \$140,000. As a result of the ATG Property purchase, the 3.0% Electrum NSR now applies over the ATG Property and the pre-existing ATTY Claims. Pursuant to the terms of the ATG Purchase Agreement, the ATTY Buy Back Right was amended so that the Company retains the right to buy back one-half of the NSR for an aggregate payment of \$1.5 million.

FINLAY MINERALS LTD.

Notes to the Financial Statements

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6) EXPLORATION AND EVALUATION ASSETS (continued)

On April 17, 2025, the Company entered into an Earn-In Agreement (the "ATTY Earn-In Agreement") with Freeport. Freeport has the option to earn an 80% interest in the Company's wholly-owned ATTY Property by paying \$1.1 million cash and incurring \$10 million in exploration expenditures over a six-year term with the Company acting as the operator on the ATTY and earning an Operator's Fee.

Following the completion of the ATTY Earn-In Agreement, Freeport and the Company would hold interests of 80% and 20% respectively, and a joint venture would be formed for further exploration and development. In the event that a party does not fund their portion of further joint venture programs, their interests in the joint venture would dilute. Any party that dilutes to below a 10% interest in the joint venture would exchange its joint venture interest for a NSR royalty of 1% on the ATTY Property, which is subject to a 0.5% buyback for US \$2 million.

Additionally, the Company and Electrum have entered into an amended and restated royalty agreement (the "A&R ATTY Royalty Agreement"), pursuant to which, upon and subject to the exercise of the earn-in in respect of the ATTY by Freeport, the ATTY Buy Back Right would be amended to provide for a 2.0% royalty buy-back, in consideration for an increased buy-back payment that would be sole-funded by Freeport without joint venture dilution to the Company, and would be divided equally between the Company and Electrum as follows:

(i) US \$5 million if the buyback is exercised on or before the date that is 60 days following the report of an initial Pre-Feasibility Study (as defined in NI 43-101) on the ATTY Property;

(ii) US \$7.5 million if the buyback is exercised on or before the date that is 60 days following the report date of an initial Feasibility Study (as defined in NI 43-101) on the ATTY Property; or

(iii) US \$10 million if the buyback is exercised on or after commercial production.

Under the A&R ATTY Royalty Agreement, the Company and Electrum have also agreed, subject to the exercise of the applicable Freeport earn-in, to extinguish the share issuance obligation of five hundred thousand common shares owing to Electrum on a production decision.

The Company initially records the amounts of contributions received or receivable from Freeport pursuant to the ATTY Earn-In Agreement as a liability (project cost advances received) in the statements of financial position and subsequently reallocates amounts as cost recoveries in exploration and evaluation assets as the Company incurs the related expenditures. As at December 31, 2025, the Company recorded a project cost advances received balance of \$370,891 (December 31, 2024 - \$nil).

During the year ended December 31, 2025, the Company recorded a gross amount of cost recovery of \$673,895 offsetting the expenditures incurred pursuant to the ATTY Earn-In Agreement.

SAY Claims

The Company has 100% interest in the SAY Property. On July 12, 2024, the Company acquired 18 mineral tenures from Electrum at a cost of \$50,000 and subject to a 1.5% NSR in favour of Electrum ("SAY NSR") with the Company retaining the right to buy back one-half of the NSR (0.75%) for \$1.5 million. Additionally, on completion of a feasibility study on the SAY property, the Company will make an aggregate payment to Electrum of \$300,000.

The SAY has been enlarged since July 2024 and is now comprised of 30 mineral tenures totaling 26,202 hectares and the SAY NSR applies to all the SAY mineral tenures.

JJB Claims

In February 2025, the Company staked 9 mineral tenures totaling 15,453 hectares in the Driftwood Corridor of British Columbia ("JJB Property").

FINLAY MINERALS LTD.

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6) EXPLORATION AND EVALUATION ASSETS (continued)

	December 31, 2023 \$	Net Additions \$	December 31, 2024 \$	Net Additions \$	December 31, 2025 \$
BRITISH COLUMBIA					
Silver Hope Claims					
Acquisition	166,873	-	166,873	-	166,873
Assay	480,697	-	480,697	-	480,697
Camp and travel	693,428	-	693,428	11,309	704,737
Drilling	2,037,764	-	2,037,764	-	2,037,764
Equipment rental	147,976	-	147,976	-	147,976
Field office	38,218	-	38,218	502	38,720
Geological	1,241,695	25,023	1,266,718	65,237	1,331,955
Geophysical	988,093	69,796	1,057,889	-	1,057,889
Road construction	124,675	-	124,675	-	124,675
Tenure management	61,814	-	61,814	-	61,814
BCMETS refund	(361,501)	(38,594)	(400,095)	(28,665)	(428,760)
	<u>5,619,732</u>	<u>56,225</u>	<u>5,675,957</u>	<u>48,383</u>	<u>5,724,340</u>
PIL Claims					
Acquisition	28,536	-	28,536	-	28,536
Assay	262,918	-	262,918	146,252	409,170
Camp and travel	890,817	-	890,817	932,736	1,823,553
Drilling	1,466,687	-	1,466,687	-	1,466,687
Equipment rental	110,607	-	110,607	61,529	172,136
Field office	105,081	-	105,081	-	105,081
Geological	1,018,687	344	1,019,031	724,927	1,743,958
Geophysical	527,360	-	527,360	493,774	1,021,134
Indigenous engagement	-	-	-	6,586	6,586
Road construction	402,273	-	402,273	68,997	471,270
Tenure management	35,215	-	35,215	6,785	42,000
BCMETS refund	(94,188)	-	(94,188)	-	(94,188)
Operator's fees	-	-	-	198,719	198,719
Expense recovery from Freeport	-	-	-	(2,612,434)	(2,612,434)
Recovery	(350,000)	-	(350,000)	(250,000)	(600,000)
	<u>4,403,993</u>	<u>344</u>	<u>4,404,337</u>	<u>(222,129)</u>	<u>4,182,208</u>

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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6) EXPLORATION AND EVALUATION ASSETS (continued)

	December 31, 2023	Net Additions	December 31, 2024	Net Additions	December 31, 2025
	\$	\$	\$	\$	\$
ATTY Claims					
Acquisition	140,540	-	140,540	-	140,540
Assay	52,867	-	52,867	55,272	108,139
Camp and travel	385,840	-	385,840	249,559	635,399
Equipment rental	30,725	-	30,725	-	30,725
Field office	13,092	-	13,092	-	13,092
Geological	114,528	-	114,528	140,867	255,395
Geophysical	489,198	-	489,198	174,656	663,854
Indigenous engagement	-	-	-	5,641	5,641
Tenure management	20,135	-	20,135	-	20,135
BCMETS Refund	(39,986)	-	(39,986)	-	(39,986)
Operator's fees	-	-	-	61,545	61,545
Expense recovery from Freeport	-	-	-	(673,895)	(673,895)
Recovery	(125,000)	-	(125,000)	(75,000)	(200,000)
Royalty buyback payment	(10,000)	-	(10,000)	-	(10,000)
	<u>1,071,939</u>	<u>-</u>	<u>1,071,939</u>	<u>(61,355)</u>	<u>1,010,584</u>
SAY Claims					
Acquisition	-	50,000	50,000	19,163	69,163
Assay	-	5,295	5,295	41,415	46,710
Camp and travel	-	20,536	20,536	253,433	273,969
Geological	-	25,986	25,986	97,224	123,210
Geophysical	-	-	-	103,474	103,474
Indigenous engagement	-	-	-	4,273	4,273
Tenure management	-	11,121	11,121	5,078	16,199
BCMETS refund	-	-	-	(15,400)	(15,400)
	<u>-</u>	<u>112,938</u>	<u>112,938</u>	<u>508,660</u>	<u>621,598</u>
JJB Claims					
Acquisition	-	-	-	27,042	27,042
Assay	-	-	-	4,136	4,136
Camp and travel	-	-	-	81,340	81,340
Geological	-	-	-	39,950	39,950
Geophysical	-	-	-	141,879	141,879
Indigenous engagement	-	-	-	3,936	3,936
Tenure management	-	-	-	1,704	1,704
	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,987</u>	<u>299,987</u>
Total exploration and evaluation expenditures	<u>11,095,664</u>	<u>169,507</u>	<u>11,265,171</u>	<u>573,546</u>	<u>11,838,717</u>

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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7) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2025	As at December 31, 2024
	\$	\$
Accounts payable	30,167	3,123
Accrued liabilities	45,739	18,045
	75,906	21,168

8) RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	Year ended December 31, 2025	Year ended December 31, 2024
	\$	\$
Key management personnel compensation:		
Mineral property geological consulting	113,873	6,405
Wages and benefits, and other compensation	143,033	108,159
Stock-option compensation	228,649	-
	485,555	114,564

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9) DUE TO RELATED PARTIES

At December 31, 2025, the Company owes \$nil (December 31, 2024 - \$4,853) to an officer of the Company. The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

10) SHARE CAPITAL

a) The authorized share capital of the Company consists of: an unlimited number of common shares.
100,000,000 Class A preference shares
100,000,000 Class B preference shares

On November 29, 2024, the Company issued 2,000,000 common shares pursuant to the exercise of 2,000,000 warrants at an exercise price of \$0.10 to a director and officer of the Company.

On May 13, 2025, the Company issued 2,666,666 common shares pursuant to the exercise of 2,666,666 warrants at an exercise price of \$0.10 to a director and officer of the Company.

On June 9, 2025, the Company issued a total of 15,606,088 common shares pursuant to a non-brokered private placement financing. The share issuances were comprised of (i) 11,206,088 common shares of the Company issued on a flow-through basis under the Income Tax Act (Canada) (each, a "FT Share") at a price of \$0.11 per FT Share, and (ii) 4,400,000 non-flow-through units of the Company (each, a "NFT Unit") at a price of \$0.10 per NFT Unit with each NFT Unit comprised of one non-flow-through common share of the Company (each, a "NFT Share") and one non-flow-through common share purchase warrant (a "Warrant"). Each Warrant is exercisable by the holder thereof to acquire one NFT Share at an exercise price of \$0.20 per NFT Share until June 9, 2027, subject to acceleration. This Warrant Expiry Date may, at the Company's sole discretion, be accelerated if at any time prior to June 9, 2027 the common shares of the Company trade at a daily volume-weighted average trading price above \$0.30 per common share for a period of 30 consecutive trading days on the TSXV.

FINLAY MINERALS LTD.

Notes to the Financial Statements

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10) SHARE CAPITAL (continued)

In connection with the closing of the Private Placement, the Company paid aggregate cash finder's fees and legal fees of \$108,897 and granted 829,145 non-transferable finder's warrants with a fair value of \$62,186 (each, a "Finder's Warrant") to arm's length finders of the Company, as compensation for locating purchasers in the Private Placement. Each Finder's Warrant entitles the holder to purchase one non-flow-through common share of the Company at an exercise price of \$0.20 per share until June 9, 2027.

On October 17, 2025, the Company issued a total of 11,516,999 common shares pursuant to a non-brokered private placement financing. The share issuances were comprised of (i) 10,633,999 units of the Company issued on a flow-through basis under the Income Tax Act (Canada) (each, a "FT Unit") at a price of \$0.15 per FT Unit, and (ii) 883,000 non-flow-through units of the Company (each, a "NFT Unit") at a price of \$0.13 per NFT Unit, for aggregate gross proceeds to the Company of \$1,709,890. Each FT Unit is comprised of one common share of the Company issued on a flow-through basis under the Income Tax Act (Canada) (a "FT Share") and one-half of one non-flow-through common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable by the holder thereof to acquire one non-flow-through common share of the Company (a "NFT Share") at an exercise price of \$0.25 per NFT Share until October 17, 2027. Each NFT Unit is comprised of one NFT Share and one Warrant exercisable by the holder thereof to acquire one NFT Share of the Company at an exercise price of \$0.25 per NFT Share until October 17, 2027.

In connection with the closing of the Private Placement, the Company paid aggregate cash finder's fees and legal fees of \$125,200 and granted 648,358 non-transferable finder's warrants with a fair value of \$64,836 (each, a "Finder's Warrant") to arm's length finders of the Company, as compensation for locating purchasers in the Private Placement. Each Finder's Warrant entitles the holder to purchase one non-flow-through common share of the Company at an exercise price of \$0.25 per share until October 17, 2027.

See Note 14.

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of Shares	\$	Number of Shares	\$
Opening balance	140,111,232	12,918,878	138,111,232	12,718,878
Issued for:				
Private Placements	27,123,087	2,901,758	-	-
Warrants exercised	2,666,666	266,667	2,000,000	200,000
Share issue costs	-	(361,119)	-	-
Ending Balance	<u>169,900,985</u>	<u>15,726,184</u>	<u>140,111,232</u>	<u>12,918,878</u>

b) Share purchase options

The Company has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX-V. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company. The Plan was amended in 2022 in order to meet Exchange requirements under the new TSX-V Policy 4.4 - Security Based Compensation. Accordingly, the new Plan has a provision that disinterested shareholder approval will be obtained for any extension of the term of a stock option granted to an insider.

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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10) SHARE CAPITAL (continued)

The Plan was approved at the June 20, 2025 Annual General and Special Meeting.

On December 10, 2025, the Company granted 2,725,000 stock options to directors, officers, employees and consultants of the Company. The stock options vested immediately and are exercisable at a price of \$0.13 per share for a period of five years, expiring on December 10, 2030. A fair value of \$256,935 was determined using the Black-Scholes Option Pricing Model using the following assumptions: share price - \$0.10; expected life - 5.0 years; expected volatility - 172.40%; risk-free rate - 2.95%; expected dividends - 0%. The expected volatility was determined by reference to the volatility of the Company's historical share price.

The following is a summary of the changes in the Company's outstanding stock options:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the year	9,200,000	0.09	10,400,000	0.09
Issued	2,725,000	0.13	-	-
Expired	-	-	(1,200,000)	0.11
Balance, end of the year	<u>11,925,000</u>	<u>0.10</u>	<u>9,200,000</u>	<u>0.09</u>
Exercisable, end of the year	<u>11,925,000</u>	<u>0.10</u>	<u>9,200,000</u>	<u>0.09</u>
Weighted average years to expiry		<u>2.49</u>		<u>2.76</u>

Outstanding options details:

Number of Options	Option Expiry Date	Option Exercise Price
		\$
4,050,000	August 30, 2026	0.14
100,000	September 13, 2027	0.08
5,050,000	August 21, 2028	0.05
<u>2,725,000</u>	<u>December 10, 2030</u>	<u>0.13</u>
<u>11,925,000</u>		

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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10) SHARE CAPITAL (continued)

c) Share purchase warrants

The continuity of share purchase warrants is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the year	5,690,049	0.14	20,815,049	0.18
Issued	12,077,502	0.23	-	-
Exercised	(2,666,666)	0.10	(2,000,000)	0.10
Expired	(500,000)	0.10	(13,125,000)	0.20
Balance, end of the year	<u>14,600,885</u>	<u>0.22</u>	<u>5,690,049</u>	<u>0.14</u>
Weighted average years to expiry		<u>1.51</u>		<u>1.06</u>

Outstanding warrant details:

Number of Warrants	Warrant Expiry Date	Warrant Exercise Price
		\$
2,523,383	November 18, 2026	0.20
5,229,145	June 9, 2027	0.20
6,848,357	October 17, 2027	0.25
<u>14,600,885</u>		

The weighted average share price on the date warrants were exercised during the year ended December 31, 2025 was \$0.12 (year ended December 31, 2024 - \$0.03).

d) Contributed surplus

Contributed surplus records the fair value of share-based payments, agent options and agent warrants until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11) CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going-concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash and deposit balances to meet exploration commitments and complete its flow through expenditure requirements in relation to the flow through funds raised in June and October 2025 (Note 10a and 14).

FINLAY MINERALS LTD.

Notes to the Financial Statements

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12) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents, amounting to \$3,319,584 at December 31, 2025 (December 31, 2024 - \$208,297). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations. The Company maintained sufficient cash and cash equivalent balances to meet these needs at December 31, 2025.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing guaranteed investment certificates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. 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 are not based on observable market data.

The fair value classification of the company's financial instruments as at December 31, 2025 and December 31, 2024 is as follows:

		Year ended December 31, 2025	Year ended December 31, 2024
	Fair value level	Fair value through other comprehensive income \$	Fair value through other comprehensive income \$
<i>Financial assets:</i>			
Investment in Cascadia Minerals Ltd.	1	29,398	19,721
Investment in Hecla Mining Company	1	78,885	71,586
		<u>108,283</u>	<u>91,307</u>

During the years ended December 31, 2025 and 2024, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.

FINLAY MINERALS LTD.

Notes to the Financial Statements

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13) INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	For the year ended December 31, 2025 \$	For the year ended December 31, 2024 \$
Net loss for the year before tax	(433,994)	(315,815)
Expected income tax recovery	(117,178)	(85,270)
Net adjustment for deductible and non-deductible amounts	3,225	(15,313)
Effect of flow-through amounts	163,493	-
Total income tax recovery	49,540	(100,583)

The significant components of the Company's deferred income tax liabilities are as follows:

	December 31, 2025 \$	December 31, 2024 \$
Deferred income tax assets (liabilities):		
Exploration and evaluation assets carrying amounts in excess of tax pools	(10,170,778)	(9,565,582)
Non-capital loss carry forwards and share issue costs	4,140,138	3,640,651
Investments	(53,947)	23,925
Capital loss carry forwards	1,433	1,433
Net deferred tax liabilities	(6,083,154)	(5,899,673)

Subject to certain restrictions, the Company has exploration and evaluation expenditures at December 31, 2025 of approximately \$1,407,675 (2024 - \$1,699,489) available to reduce taxable income in future years. The Company also has non-capital losses available for possible deduction against future years' taxable income of approximately \$3,951,000 (2024 - \$3,595,000).

FINLAY MINERALS LTD.

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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13) INCOME TAXES (continued)

The Company has not recognized any future benefit for these tax losses, credits and resource deductions, as it is not considered likely that they will be utilized. If unused, the non-capital losses will expire as follows:

	\$
2026	243,000
2027	173,000
2028	133,000
2029	79,000
2030	141,000
2031	212,000
2032	154,000
2033	121,000
2034	113,000
2035	70,000
2036	73,000
2037	112,000
2038	110,000
2039	127,000
2040	111,000
2041	406,000
2042	507,000
2043	352,000
2044	358,000
2045	356,000
	<u>3,951,000</u>

14) LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

During the year ended December 31, 2025, the Company issued 21,840,087 common shares on a flow-through basis for gross proceeds of \$2,827,770 and recognized a flow-through share premium liability of \$436,802.

As at December 31, 2025, the Company had spent \$605,529 of the flow-through funds and recognized a flow-through share premium recovery of \$110,096 for the year ended December 31, 2025.

The Company must incur an additional \$2,222,241 in qualifying flow-through expenditures prior to December 31, 2026 pursuant to its renunciation to investors. As at December 31, 2025, the Company has a flow-through liability of \$326,706 related to unspent funds.

15) SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31, 2025 \$	Year ended December 31, 2024 \$
Exploration and evaluation assets included in accounts payable and accrued liabilities	32,337	-

FINLAY MINERALS LTD.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expressed in Canadian dollars

16) SUBSEQUENT EVENTS

During January 2026, the Company sold 2,000 shares of Hecla Mining Company for gross proceeds of \$60,301.

On March 17, 2026, the Company granted 425,000 stock options to consultants of the Company. The stock options vested immediately and are exercisable at a price of \$0.13 per share for a period of five years, expiring on March 17, 2031.