

CANADIAN GOLD RESOURCES LTD.

(FORMERLY AMSECO EXPLORATION LTD.)

FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canadian Gold Resources Ltd.

Opinion

We have audited the accompanying financial statements of Canadian Gold Resources Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and the statements of net loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year 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 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 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 incurred a net loss of \$855,425 during the year ended December 31, 2025 and, as of that date, the Company's current liabilities exceeded its current assets by \$94,740. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements of Canadian Gold Resources Ltd. for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 24, 2025.

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.

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 5 to the financial statements, the carrying amount of the Company’s E&E Assets was \$5,010,451 as of December 31, 2025. As more fully described in Note 3 to the 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 Asset.

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:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- 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 through government websites, 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 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.

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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 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 Junaid Hassam.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

**CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)
Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Except Number of Shares)**

	For the year ended December 31 2025	For the year ended December 31 2024
	\$	\$
GENERAL		
Accounting and audit fees (Note 8)	176,222	111,902
Advertising and promotion	361,618	67,730
Amortization and depreciation	20,334	-
Consulting fees (Note 8)	104,350	28,620
Insurance	19,243	1,966
Interest and bank charges	9,384	4,494
Legal	108,064	51,710
Management fees (Note 8)	176,000	96,000
Office and miscellaneous	85,625	29,195
Share based payment (Note 13)	392,187	-
Transfer agent and filing fees	56,437	48,360
Travel and related costs	71,913	36,896
Total expenses	<u>1,581,377</u>	<u>476,873</u>
Other income (expenses)		
Listing expenses (Note 1)	-	(900,901)
Interest income	48,419	-
Other income - flow-through liability renounced (Note 10)	742,802	143,674
Part XII.6 tax	(65,269)	-
	<u>725,952</u>	<u>(757,227)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEARS	<u>(855,425)</u>	<u>(1,234,100)</u>
Net loss per share - Basic and diluted	<u>(0.02)</u>	<u>(0.06)</u>
Weighted average number of shares outstanding - Basic and diluted	<u>36,767,777</u>	<u>21,133,092</u>

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

**CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)**

Statements of Financial Position

(Expressed in Canadian Dollars - Except Number of Shares)

	<u>As at December 31, 2025</u>	<u>As at December 31, 2024</u>
	\$	\$
ASSETS		
Current		
Cash	593,352	3,099,372
Investment (Note 4)	266,840	-
Share subscription receivable	964,084	34,000
Interest and other receivable	2,858	-
Taxes receivable	640,536	129,313
Prepaid expense	300,652	16,784
	<u>2,768,322</u>	<u>3,279,469</u>
Non-current		
Exploration and evaluation assets (Note 5)	5,010,451	2,102,461
Property, plant and equipment (Note 6)	103,782	-
Right-of-use asset (Note 7)	49,601	-
Total Assets	<u>7,932,156</u>	<u>5,381,930</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	2,067,880	571,671
Related party payable (Note 8)	48,023	35,200
Related party advance payable (Note 8)	200,018	-
Flow-through liability (Note 10)	475,856	666,896
Current portion of lease liability (Note 7)	6,016	-
Part XII.6 tax payable	65,269	-
	<u>2,863,062</u>	<u>1,273,767</u>
Non current		
Lease liability (Note 7)	43,937	-
Total Liabilities	<u>2,906,999</u>	<u>1,273,767</u>
Shareholders' Equity		
Share capital (Note 11)	5,679,921	4,771,456
Share subscription received	77,000	-
Warrants (Note 12)	1,204,800	810,033
Contributed surplus	426,110	33,923
Accumulated deficit	(2,362,674)	(1,507,249)
Total shareholders' equity	<u>5,025,157</u>	<u>4,108,163</u>
Total liabilities and shareholders' equity	<u>7,932,156</u>	<u>5,381,930</u>

Nature of operations, reverse takeover and going concern (Note 1)

Commitments (Note 17)

Subsequent events (Note 18)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Ronald Goguen

Director

Original signed by David Hennigar

Director

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

CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)
Statements of Change in Shareholders' Equity
For the Year Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars - Except Number of Shares)

	Number of shares	Share capital \$	Share subscription received \$	Warrants \$	Contributed surplus \$	Accumulated deficit \$	Total shareholders' equity \$
Balance December 31, 2023	20,000,000	2,145,000	-	-	-	(273,149)	1,871,851
Net loss for the year	-	-	-	-	-	(1,234,100)	(1,234,100)
Common shares issued on reverse takeover (Note 1)	2,922,891	550,568	-	-	-	-	550,568
Common shares issued with private placements - net of share issue costs (Note 11-b (ii), (iii), (iv), (v) & (vi)))	13,744,330	2,110,918	-	-	-	-	2,110,918
Value of warrants issued under private placement - net of share issue costs (Note 12)	-	-	-	715,448	-	-	715,448
Broker warrants granted (Note 12)	-	-	-	94,585	-	-	94,585
Stock-based compensation (Note 1 & 13)	-	-	-	-	33,923	-	33,923
Share issue cost paid for reverse takeover	-	(35,030)	-	-	-	-	(35,030)
Balance December 31, 2024	36,667,221	4,771,456	-	810,033	33,923	(1,507,249)	4,108,163
Net loss for the year	-	-	-	-	-	(855,425)	(855,425)
Common shares issued with private placements - net of share issue costs (Note 11-b (i))	11,201,655	907,176	-	-	-	-	907,176
Subscription received in advance of private placement	-	-	77,000	-	-	-	77,000
Value of warrants issued under private placement - net of share issue costs (Note 12)	-	-	-	315,942	-	-	315,942
Broker warrants granted (Note 12)	-	-	-	80,114	-	-	80,114
Broker warrants cancelled (Note 12)	-	1,289	-	(1,289)	-	-	-
Share based payment (Note 13)	-	-	-	-	392,187	-	392,187
Balance December 31, 2025	47,868,876	5,679,921	77,000	1,204,800	426,110	(2,362,674)	5,025,157

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

**CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)**

Statements of Cash Flows

(Expressed in Canadian Dollars - Except Number of Shares)

	For the year ended December 31 2025 \$	For the year ended December 31 2024 \$
CASH FLOW USED IN OPERATING ACTIVITIES		
Net and comprehensive loss for the periods	(855,425)	(1,234,100)
Items not involving cash:		
Listing expenses	-	773,655
Other income - flow-through liability renounced	(742,802)	(143,674)
Share based payment	392,187	-
Amortization and depreciation	20,334	-
Interest expense on lease	1,637	-
Changes in non-cash working capital items		
Taxes receivable	(511,223)	(98,654)
Share subscription receivable	(930,084)	66,000
Interest and other receivable	(2,858)	-
Prepaid expenses	(283,868)	(8,534)
Accounts payables and accrued liabilities	1,496,209	344,349
Related party payable	12,823	-
Part XII.6 tax payable	65,269	-
Net cash flows used in operating activities	(1,337,801)	(300,958)
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of investment	(266,840)	-
Acquisition of exploration and evaluation assets	(2,907,990)	(542,519)
Acquisition of property, plant and equipment	(121,391)	-
Cash acquired from RTO	-	1,960
Net cash flows used in investment activities	(3,296,221)	(540,559)
CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
Increase in related party advance payable	200,018	-
Repayment of lease obligation	(4,010)	-
Share issue costs paid for reverse takeover	-	(34,884)
Net proceeds from issue of units	1,854,994	3,731,375
Share Subscription received in advance	77,000	-
Net cash flows provided by financing activities	2,128,002	3,696,491
INCREASE IN CASH	(2,506,020)	2,854,974
Cash, beginning of years	3,099,372	244,398
Cash, end of years	593,352	3,099,372

Supplemental cash flow information (Note 14)

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

CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025 and 2024
(Expressed in Canadian Dollars – Except Number of Shares)

1. NATURE OF OPERATIONS, REVERSE TAKEOVER AND GOING CONCERN

(a) Nature of Operations

14697952 Canada Inc. (Formerly Canadian Gold Resources Ltd.) (“14697952”) was a private company and was incorporated pursuant to the provisions of the CBCA on January 22, 2023. Amseco Exploration Ltd. was incorporated pursuant to the provisions of the CBCA under the name 102123 Canada Ltd. on October 23, 1980. On June 17, 2006, the name was changed to Amseco Exploration Ltd. (“Amseco”) and on November 18, 2024, changed it to Canadian Gold Resources Ltd. (Formerly Amseco Exploration Ltd.) (“the Company”, “Canadian Gold” or “the Resulting Issuer”). The Company’s registered office is at 105 Englehart St., Suite 700, Dieppe, New Brunswick, Canada.

The Company is exploring mineral and natural resource properties in Canada. Currently, it is in the exploration stage and has not yet confirmed the presence of economically recoverable ore reserves. The recovery of investments in these properties depends on finding economically viable reserves, securing financing for their development, and achieving profitable production or selling the properties.

(b) Reverse Takeover

On November 18, 2024, Canadian Gold (formerly Amseco Exploration Ltd.), (“the Resulting Issuer”) completed its business combination, a Reverse Takeover (“RTO”), with 14697952 Canada Inc. (formerly Canadian Gold Resources Ltd.) (“14697952”). Pursuant to the share exchange agreement between Amseco Exploration Ltd. and Canadian Gold Resources Ltd. dated May 31, 2024, the Company issued 20,052,000 common shares in the capital of the Company to the shareholders of Canadian Gold Resources Ltd. on a post consolidated basis (as defined herein), at a deemed price of \$0.25 per common share of the Company. Pursuant to the transaction, the Company implemented a consolidation of its issued and outstanding common shares on the basis of one post-consolidated share for each five pre-consolidated share resulting with 2,922,891 shares held by the former Amseco shareholders. The resulting Issuer’s common shares began trading on the TSX Venture Exchange (TSX-V) at the opening of the market on December 12, 2024 under the symbol CAN-V. In order to facilitate financial reporting, Canadian Gold and 14697952 were amalgamated on December 31, 2024.

A reverse take-over in which an operating non-public company obtains control of a non-operating public company that is not a business, does not qualify as a business combination, and is therefore outside the scope of IFRS 3 “Business Combination”. The transaction was therefore accounted for in accordance with IFRS 2, Shares Based Payment and IAS 32, Financial Instruments: Presentation. 14697952 recorded the excess of the deemed acquisition cost of Canadian Gold over the net value of its assets and liabilities as a cost of obtaining a listing and this cost is recorded as an expense.

These financial statements are prepared as a continuation of the financial statements of 14697952 but reflecting the continuation of the number of shares of Canadian Gold and capital value of 14697952 because of the RTO.

The excess deemed acquisition cost over the value of the net assets of Amseco was attributed to the value of the public listing and therefore was recorded as a listing expense. The fair value of the consideration to acquire Amseco was calculated at \$584,491. This value was determined based on the fair value of 2,922,891

CANADIAN GOLD RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars – Except Number of Shares)

1. NATURE OF OPERATIONS, REVERSE TAKEOVER AND GOING CONCERN *(Continued)*

(b) Reverse Takeover *(Continued)*

common shares valued at \$0.1884 per share and 263,000 Canadian Gold stock options issued in exchange of existing stock options held by the previous holders of Amseco (post-consolidated in a ratio of 5:1). The options were valued at \$33,923 using the Black Scholes option pricing model (Note 13). The fair value of the common share was deduced through calibration method applying a discount for Lack of Marketability (DOLM) at 24.65% such that as at the measurement date the sum of fair values of the Common Shares issued, Common Share Units issued, and Flow-Through Share Units (“FT”) issued equals to the overall cash proceeds.

Consideration Paid	\$
Fair value of consideration to purchase 2,922,891 common shares valued at \$0.1884	550,568
263,000 Canadian Gold options (Note 13)	33,923
	584,491
Total consideration fair value	584,491
Net assets acquired	(189,164)
Listing expenses	773,655

As part of the RTO, the Company also paid legal and accounting fees in the amount of \$127,246 which were recorded as listing expenses for a total expense of \$900,901 recorded in the statement of loss and comprehensive loss for the year ended December 31, 2024.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2025, the Company had a net loss of \$855,425 (2024 – \$1,234,100) and as at December 31, 2025, the Company had a working capital deficiency of \$94,740 (2024 – working capital of \$2,005,702), no source of operating cash flows, and no assurance that sufficient funding will be available to conduct further exploration and development of its resource property projects. Subsequent to the year end, on January 30, 2026, the Company raised gross proceeds of \$1,050,000 from a private placement. Management intends to finance operating and exploration costs over the next twelve months with cash on hand, private placements of common shares and a bulk sample on one of its properties. The ability of the Company to arrange such financing or bulk sample will depend in part upon the prevailing market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised through the issuance of shares, control of the Company may change and shareholders may suffer dilution. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations, and financial condition.

CANADIAN GOLD RESOURCES LTD.
(FORMERLY AMSECO EXPLORATION LTD.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars – Except Number of Shares)

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and IFRIC[®] Interpretations of the IFRS interpretation Committee.

The Board of Directors approved these financial statements for issue on April 29, 2026.

(b) Basis of Measurement

These financial statements have been prepared on an accrual basis and are based on historical costs. The financial statements are presented in Canadian dollars unless otherwise stated, which is also the Company’s functional currency.

(c) Accounting Standards Effective in the Year

During the year ended December 31, 2025, no new or amended International Financial Reporting Standards (“IFRS”) became effective that had a material impact on the Company’s financial statements

(d) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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:

- **Fair Value of the Share Price as at the RTO Date (note 1)**

The fair value of the common share was determined through calibration method applying a discount for Lack of Marketability (DOLM) at 24.65% such that as at the measurement date the sum of fair values of the Common Shares issued, Common Share Units issued, and FT Share Units issued equals to the overall cash proceeds.

- **The carrying value and recoverable amount of exploration and evaluation assets (Note 5)**

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

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For the year ended December 31, 2025 and 2024
(Expressed in Canadian Dollars – Except Number of Shares)

2. BASIS OF PRESENTATION *(Continued)*

(d) Critical Accounting Judgments and Estimates *(Continued)*

▪ **The recognition or non-recognition of deferred income tax assets (Note 9)**

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

▪ **The fair value of non-cash common shares issued (Note 11)**

The Company values the shares issued in an equity settled transaction at the fair value of the services obtained.

▪ **Fair value measurement of stock options and warrants (Note 12 & 13)**

The Company measures the fair value of stock options and warrants using option-pricing models that require significant judgment in selecting valuation techniques and determining key assumptions. Stock options and certain warrants continue to be valued using the Black-Scholes option pricing model, which requires estimates of expected volatility, expected life, forfeiture rates, and risk-free interest rates.

During 2025, the Company issued warrants that include an accelerated-expiry clause triggered by specified market-based conditions. Because this feature creates path-dependent outcomes, management determined that the Black-Scholes model was not appropriate for these instruments. These warrants were therefore valued using a Monte Carlo simulation model, which incorporates a range of potential share-price paths and the probability-weighted impact of early-expiry events.

The selection of valuation techniques and the determination of key inputs involve significant judgment. Changes in these assumptions may result in material differences in the fair value of stock-based compensation and warrant liabilities recognized in the financial statements.

▪ **The Right-of-Use Assets (“ROU”) (Note 7)**

In applying IFRS 16, the Company makes judgments in deciding the lease term, including whether renewal or termination options will be used, and in determining if contracts contain a lease or qualify for exemptions. Estimates are also required, mainly to set the discount rate used to measure lease liabilities, to assess variable lease payments, and to test right-of-use assets for impairment. These judgments and estimates involve uncertainty, and actual results may differ, which could change the amounts recorded for right-of-use assets and lease liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Cash

For purposes of reporting cash flows, the Company considers cash to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The remaining maturities at point of purchase are three months or less, with no penalties on early retirement.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars – Except Number of Shares)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Exploration and Evaluation Assets

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the technical feasibility and commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. Technical feasibility and commercial viability is defined as (1) the determination of mineral reserves and (2) a decision to proceed with development has been recommended by management and approved by the Company's board of directors. To the extent that the expenditures are made to establish mineral reserves within the rights to explore, the Company will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. Indication includes but is not limited to, the expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If the facts and circumstances suggest the carrying value exceeds the recovery value, the Company will write down the carrying value of the property.

(c) Capital Assets

Capital assets are recorded at historical cost, which includes the purchase price and any directly attributable costs necessary to bring the assets to the location and condition for their intended use.

Once available for use, capital assets are depreciated using a declining balance method over their useful lives at the following annual rates:

Vehicles – 30%
Equipment – 20%
Computer equipment – 55%
Heavy equipment – 30%

(d) Leases

The Company applies IFRS 16 Leases. At the commencement date of a lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability. The lease liability is measured at the present value of lease payments over the lease term, discounted using the Company's incremental borrowing rate. The ROU asset is initially measured at cost and subsequently depreciated.

Where the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the useful life of the underlying asset rather than the lease term. Lease payments are allocated between principal and interest using the effective interest rate method.

(e) Impairment of Long-Lived Assets

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 an 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.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Impairment of Long-Lived Assets *(Continued)*

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 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.

(f) Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in equity depending on the item to which the adjustment relates

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are derecognized to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(g) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding during the reporting period and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting period, if dilutive. The treasury stock method is used to arrive at the diluted outstanding shares that may add to the total number of loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options of common shares. Diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Share Capital and Share Based Payments

The Company records its share capital proceeds from share issuances net of related issue costs and any tax effects. For equity-settled share-based payment transactions, the Company measures the mining claim intangible assets received, and the corresponding increase in equity, directly, at the fair value of the mining claim intangible assets received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the mining claim intangible assets received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of shares that will eventually vest. The number of forfeitures likely to occur is estimated on grant date. Any consideration paid by directors, officers and employees on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

(i) Flow-Through Shares

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions of qualifying resource expenditures to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between shares, warrants and flow-through share premium equal to the estimated premium which is recognized as a liability. This is referred to as the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants according to their relative fair value at the date of issuance and the residual proceeds are allocated to other liabilities.

The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized as other income in profit or loss. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. If the Corporation does not incur the resource expenditure, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Equity and Contributed Surplus

Share capital represents the nominal (par) value of shares that have been issued. The Company applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component, including issue costs. For warrants with standard, non-path-dependent terms, the Company uses the Black-Scholes option pricing model, which incorporates assumptions regarding expected volatility, expected life, risk-free interest rates, and expected dividend yield. Broker warrants with standard, non-path-dependent terms are also valued using the Black-Scholes pricing model and recorded as share issue costs.

During 2025, the Company issued warrants and broker warrants that include an accelerated-expiry clause triggered by specified market-based conditions. Because this feature results in path-dependent outcomes, the Black-Scholes model is not appropriate for these instruments. These warrants are valued using a Monte Carlo simulation model, which captures the probability-weighted impact of early-expiry events and the range of potential share-price paths over the expected term.

Costs directly attributed to the raising of capital are charged against the related share capital and a portion is proportionately allocated to warrants if costs are related to the issuance of units. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Other components of equity include contributed surplus which includes the value initially recognized for expired warrants and share options.

(k) Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

The Company has made the following classifications:

Cash	FVTPL
Investment	FVTPL
Share subscription receivable	Amortized cost
Interest and other receivable	Amortized cost
Taxes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Related party payable	Amortized cost
Share subscription received	Amortized cost
Part XII.6 tax payable	Amortized cost
Lease liability	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Financial Instruments *(Continued)*

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the statements of net loss and comprehensive loss.

Financial assets at amortized cost

A financial asset is measured at amortized cost if 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 and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net loss when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

De-recognition of financial assets and liabilities

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate. A financial liability is derecognized when the associated obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Financial Instruments *(Continued)*

Impairment of financial assets:

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each reporting date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to FVTPL instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Financial instruments recorded at fair value:

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

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.

At December 31, 2025, the Company's only financial instruments measured at fair value on a recurring basis are cash and the one-year guaranteed investment certificate (GIC), which are classified as Level 1 in the fair value hierarchy. All other financial instruments, are measured at amortized cost. Their carrying amounts approximate fair value due to their short-term nature or the application of the effective interest method.

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3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(I) Accounting standards issued but not yet applied

In May 2024, the IASB issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments have not yet been incorporated into Part I of the CPA Canada Handbook - Accounting.

The amendments:

- Provide clarification that a financial liability is derecognized on the ‘settlement date’, i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired;
- Provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system;
- Clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features;
- Clarify that, for a financial asset to have ‘non-recourse’ features, the entity’s ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test);
- Clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and
- Add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods. The Company is currently assessing the impact of the new standard on its financial statements.

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard replaces IAS 1 and although much of the substance of IAS 1 will carry over into the new standard, the new standard will require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The new standard will also require disclosure and explanation of management-defined performance measures in a separate note within the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

4. INVESTMENT

On August 21, 2025, the Company invested \$246,840 in a one-year prime link cashable guaranteed investment certificate (GIC) bearing interest at Prime minus 2.45%. On September 24, 2025, the Company invested an additional \$20,000 in a one-year GIC bearing interest at 2.45%.

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5. EXPLORATION AND EVALUATION ASSETS

Lac Arsenault Gold Property

In January 2023, the Company entered into a mining claims purchase agreement to acquire a 100% interest in the Lac Arsenault Gold Property (“Lac Arsenault”) located southwest of the Gaspé municipality on the Gaspé Peninsula, Québec.

In exchange for the mining claims, the Company paid \$100,000 in cash and issued 2,000,000 class A common shares of the Company with a fair value of \$500,000 for the purchase of 100% of the Lac Arsenault mining claims. The shares were held in trust until the Company completed an RTO in conjunction with the Company transitioning from a private corporation to a public corporation. As only an administrative process was pending, the property was capitalized in 2023. The Company will also pay the vendor a 1% net smelter return (“NSR”) or the Company has the option to repurchase the NSR for \$500,000.

On February 29, 2024, the shares were transferred to the vendor and the claims were transferred to the Company.

During 2024, the Company acquired 70 additional claims in Lac Arsenault, and in the first quarter of 2025, purchased an additional 59 claims for an amount of \$5,151. The Company also incurred \$2,858,132 in field costs on the property during the year ended December 31, 2025.

VG Boulder Project

In April 2023, the Company entered into a mining claims purchase agreement to acquire a 100% interest in the VG Boulder Property (“VG”) located in the Gaspé region, Québec.

The Company issued 1,000,000 class A common shares of the Company with a fair value of \$250,000 for the purchase of 100% of the VG mining claims. The shares were held in trust until the Company completed an RTO in conjunction with the Company transitioning from a private corporation to a public corporation. As only an administrative process was pending, the property was capitalized in 2023. The Company will also pay the vendor a 1% NSR.

On April 4, 2024, the shares were transferred to the vendor, and the claims were transferred to the Company.

The Company incurred \$14,242 in field costs on the property during the year ended December 31, 2025.

Robidoux Gold Property

In January 2023, the Company entered into a mining claims purchase agreement to acquire a 100% interest in the Robidoux Gold Property (“Robidoux”) located in Western Gaspé, Québec.

The Company paid \$50,000 in cash in January 2023, another \$50,000 in cash in July 2023, and issued 1,600,000 class A common shares of the Company with a fair value of \$400,000 for the purchase of 100% of the Robidoux mining claims. The shares were held in trust until the Company completed an RTO in conjunction with the Company transitioning from a private corporation to a public corporation. The Company will also pay the vendor a 2% NSR.

Once the RTO was completed, on November 29, 2024 the claims were transferred to the Company and the shares were transferred to the vendor.

The Company incurred \$30,465 in field costs during the year ended December 31, 2025.

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5. EXPLORATION AND EVALUATION ASSETS (Continued)

	Lac Arsenault Property \$	VG Boulder Property \$	Robidoux Gold Property \$	Total \$
Balance, December 31, 2023	752,182	268,520	-	1,020,702
Transferred from other intangible assets	-	-	539,240	539,240
Acquisition	12,320	-	-	12,320
Field work	321,168	129,703	79,328	530,199
Balance, December 31, 2024	1,085,670	398,223	618,568	2,102,461
Acquisition	5,151	-	-	5,151
Field work	2,858,132	14,242	30,465	2,902,839
Balance, December 31, 2025	3,948,953	412,465	649,033	5,010,451

6. PROPERTY, PLANT AND EQUIPMENT

	Equipment \$	Vehicles \$	Total \$
Cost:			
Balance December 31, 2024	-	-	-
Acquisition	<u>19,856</u>	<u>101,535</u>	<u>121,391</u>
Balance December 31, 2025	<u>19,856</u>	<u>101,535</u>	<u>121,391</u>
Accumulated amortization:			
Balance December 31, 2024	-	-	-
Amortization	<u>2,379</u>	<u>15,230</u>	<u>17,609</u>
Balance December 31, 2025	<u>2,379</u>	<u>15,230</u>	<u>17,609</u>
Carrying amounts:			
December 31, 2024	-	-	-
December 31, 2025	<u>17,477</u>	<u>86,305</u>	<u>103,782</u>

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7. RIGHT-OF-USE-ASSET AND LEASE LIABILITY

On August 1, 2025, the Company entered into a four-year lease agreement for a new truck. The lease includes a purchase option exercisable at the end of the lease term, on July 31, 2029. Based on the Company's operational requirements and capital budgeting forecasts, management has determined it is reasonably certain that the purchase option will be exercised. Accordingly, the lease term includes the purchase option period, and the right-of-use asset will be depreciated over the vehicle's expected useful life.

Right-of-use asset	December 31,
	2025
	<u>\$</u>
Balance Beginning of year	-
Addition	52,326
Depreciation	(2,725)
Balance end of year	49,601
Lease liability	
Balance Beginning of year	-
Addition	52,326
Lease payments	(4,010)
Lease interest	1,637
Balance end of year	49,953
Current portion	6,016
Long-term portion	43,937

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals.

Related party payable at December 31, 2025 – \$48,023 (2024 – \$35,200) is comprised of management fees, consulting fees and accounting expenses due to officers and directors of the Company or to companies controlled by officers and directors of the Company. Amounts payable to related parties are non-interest bearing, are due on demand, and are unsecured.

The related party advance payable of \$200,018 (2024 – \$nil) was due to an officer and director of the Company. The advance was unsecured, bore interest at 10% per annum, and was payable on demand. The advance, together with all accrued interest, was fully repaid on January 2, 2026.

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8. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

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

- a) Paid or accrued \$176,000 – (2024 – \$96,000) in management fees to directors or companies controlled by directors of the Company.
- b) Paid or accrued \$13,450 – (2024 – \$nil) in consulting fees to directors or companies controlled by directors and officers of the Company.
- c) Paid or accrued \$52,786 (2024 – \$33,580) in accounting fees to an officer of the Company.
- d) Paid or accrued \$192,500 (2024 – \$38,000) in consulting fees to a company controlled by a director of the Company. These amounts were capitalized to exploration and evaluation assets on the statement of financial position, as the underlying services related directly to exploration activities.
- e) Paid or accrued \$1,018 (2024 – \$nil) in interest expense to a director or companies controlled by a director of the Company.

These transactions were in the normal course of operations.

9. INCOME TAXES

The recovery of income taxes attributable to the loss before taxes differ from the amounts computed by applying the combined federal and provincial tax rate of 29% as a result of the following:

	2025	2024 (Restated)
	\$	\$
Loss for the year	(855,425)	(1,234,100)
Combined federal and provincial tax rates	29.0%	29.0%
Expected income tax (recovery)	(248,000)	(357,889)
Permanent differences	(97,000)	6,325
Listing expenses	-	224,360
Impact of flow through share	840,000	107,141
Impact of transaction	-	(1,466,362)
Share issue cost	(70,000)	-
Change in unrecognized deductible temporary differences	(425,000)	1,486,425
Total income tax expense (recovery)	-	-

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9. INCOME TAXES *(Continued)*

The following is the analysis of recognized deferred tax assets and liabilities

	2025	2024
	\$	\$
Deferred tax liabilities		
Exploration and evaluation assets	(634,000)	(148,806)
	(634,000)	(148,806)
Deferred tax assets		
Non-capital losses carried forward	634,000	148,806
	634,000	148,806
Net deferred tax assets (liabilities)	-	-

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

	2025	Expiry date range	2024	Expiry date range
	\$		\$	
Temporary Differences				
Share issue cost	407,000	2046 to 2049	284,600	2045 to 2048
Property plant and equipment	237,000	No expiry date	249,161	No expiry date
Non-capital losses	7,332,000	2026 to 20245	5,564,505	2026-2044

10. FLOW-THROUGH LIABILITY

The Company issued units comprising of flow-through shares and attached warrants. The flow-through shares were issued at a price that exceeded the market price of the Company's common shares at the date of issuance, giving rise to a flow-through share premium liability.

As the Company incurs qualifying Canadian Exploration Expenditures (CEE), the corresponding portion of the liability is reduced, and the Company recognizes the amount as other income in the statement of net loss and comprehensive loss.

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10. FLOW-THROUGH LIABILITY *(Continued)*

Summary of flow-through liability activity:

	\$
Balance December 31, 2023	-
Flow-through private placement - November 2024 (Note 11 (b)(iii))	253,512
Flow-through private placement - December 2024 (Note 11 (b)(vi))	557,058
Other income recognized during the year	(143,674)
Balance December 31, 2024	666,896
Flow-through private placement - December 2025 (Note 11 (b)(i))	551,762
Other income recognized during the period	(742,802)
Balance December 31, 2025	475,856

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common shares

	Number of shares	Amount
		\$
Balance December 31, 2023	20,000,000	2,145,000
Common Shares issued as part of private placement - net of share issue costs ((ii), (iii), (iv), (v) & (vi))	13,744,330	2,110,918
RTO (Note 1)	2,922,891	550,568
Share issue cost paid for reverse takeover	-	(35,030)
Balance December 31, 2024	36,667,221	4,771,456
Common Shares issued as part of private placement - net of share issue costs (i)	11,201,655	907,176
Broker warrants cancelled (Note 12)	-	1,289
Balance December 31, 2025	47,868,876	5,679,921

- i) On December 31, 2025, the Company completed a non-brokered private placement of 11,201,655 flow-through units (“FT Units”) at a price of \$0.18 per FT Unit for gross proceeds of \$2,016,298. Each FT Unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at an exercise price of \$0.22 for a period of 36 months from closing. The warrants include an accelerated expiry provision whereby,

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if the Company's common shares trade at or above \$0.45 for 10 consecutive trading days, the Company may accelerate the expiry date to 30 days following the issuance of a press release announcing the

11. SHARE CAPITAL *(Continued)*

(b) Issued *(Continued)*

acceleration. Of the gross proceeds of \$2,016,298, a total of \$358,916 was assigned to the warrants, \$551,762 was allocated to the flow-through liability and \$1,105,620 was allocated to share capital. The fair value of the warrants was determined using the relative fair value method. The warrant component was valued using a Monte Carlo simulation model (see Note 12 (i)), which simulates thousands of potential share-price paths based on a Geometric Brownian Motion process. This approach is required because the warrants contain an accelerated expiry clause, making their value path-dependent and unsuitable for valuation using standard closed-form models. As part of the private placement, the Company also paid finders' fees of \$161,304 and issued 896,132 broker warrants which were valued at \$80,114 using a Monte Carlo simulation model (See Note 12 (i)). Of the finders' fees \$198,444 was allocated to the share capital, and \$42,974 was allocated to the warrants.

- ii) On November 18, 2024, concurrent with the reverse takeover, the Company closed a non-brokered private placement to raise gross proceeds of \$694,500. The offering consisted of the issuance of 2,778,000 units ("Unit") of the Company. Each Unit was offered at a price of \$0.25 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of \$0.35 per common share if exercised within 24 months of the closing of the offering. Of the gross proceeds of \$694,500, a total of \$172,980 was assigned to the warrants and \$521,520 was allocated to share capital. The warrants were valued using the relative fair value method with the Black Scholes option pricing model (See Note 12 (ii)). As part of the private placement, the Company also paid finders' fees of \$17,200 and issued 68,800 broker warrants which were valued at \$5,397 using the Black Scholes option pricing model (See Note 12 (ii)). Of the finders' fees \$16,969 was allocated to the share capital, and \$5,628 was allocated to the warrants.
- iii) On November 18, 2024, concurrent with the reverse takeover, the Company closed a non-brokered private placement of flow-through units to raise gross proceeds of \$905,399. The offering consisted of the issuance of 3,017,997 units ("Unit") of the Company. Each Unit was offered at a price of \$0.30 and consisted of one flow-through common share and one half share purchase warrant, with each whole warrant exercisable at a price of \$0.40 per common share if exercised within 24 months of the closing of the offering. Of the gross proceeds of \$905,399, a total of \$174,630 was assigned to the warrants, \$253,512 was allocated to the flow-through liability and \$477,257 was allocated to share capital. The warrants were valued using the relative fair value method with the Black Scholes option pricing model (See Note 12 (iii)). As part of the private placement, the Company also paid finders' fees of \$49,792 and issued 166,133 broker warrants which were valued at \$21,058 using the Black Scholes option pricing model (See Note 12 (iii)). Of the finders' fees \$57,185 was allocated to the share capital, and \$13,665 was allocated to the warrants.
- iv) On November 18, 2024, concurrent with the reverse takeover, the Company also completed private placement consisting of 52,000 common shares at a price of \$0.25 per share for gross proceeds of \$13,000. As part of the private placement, the Company paid \$259 as finders' fees.
- v) On December 30, 2024, the Company closed a non-brokered private placement to raise gross proceeds of \$119,500. The offering consisted of the issuance of 478,000 units ("Unit") of the Company. Each Unit was offered at a price of \$0.25 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of \$0.35 per common share if exercised within 24 months of the closing of the offering. Of the gross proceeds of \$119,500, a total of \$37,200 was assigned to the warrants and \$82,300 was allocated to share capital. The warrants were valued using the relative fair value method with the Black Scholes option pricing model (See Note 12 (iv)). As part of the private placement, the Company also paid finders' fees of \$6,090 and issued 24,360 broker warrants which were valued at \$3,258 using the Black Scholes option pricing model (See Note 12 (iv)). Of the finders' fees \$6,438 was allocated to the share capital, and \$2,910 was allocated to the warrants.

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11. SHARE CAPITAL *(Continued)*

(b) Issued *(Continued)*

vi) The Company closed a non-brokered private placement of flow-through units to raise gross proceeds of \$2,225,500. The offering consisted of the issuance of 7,418,333 units (“Unit”) of the Company with 4,333,334 closing on December 27, 2024 and 3,084,999 closing on December 30, 2024. Each Unit was offered at a price of \$0.30 and consisted of one flow-through common share and one half share purchase warrant, with each whole warrant exercisable at a price of \$0.40 per common share if exercised within 24 months of the closing of the offering. Of the gross proceeds of \$2,225,500, a total of \$391,004 was assigned to the warrants, \$557,058 was allocated to the flow-through liability and \$1,277,438 was allocated to share capital. The warrants were valued using the relative fair value method with the Black Scholes option pricing model (See Note 12 (v)). As part of the private placement, the Company also paid finders’ fees of \$153,037 and issued 509,461 broker warrants which were valued at \$64,872 using the Black Scholes option pricing model (See Note 12 (v)). Of the finders’ fees \$179,746 was allocated to the share capital, and \$38,163 was allocated to the warrants.

(c) Held in Escrow

Due to an escrow agreement under Policy 5.4 Escrow Vendor Consideration and Resale Restrictions in connection with a Reverse Takeover, a total of 10,867,501 common shares and 45,000 stock options were placed in escrow. The release schedule provides for the staged release of securities as follows: on January 13, 2025, 1,077,415 shares and 4,500 stock options were released; on June 10, 2025, 1,631,681 shares and 6,750 stock options were released, with equivalent amounts scheduled for release every six months thereafter until December 2027. As at December 31, 2025, 6,526,723 shares and 27,000 stock options remained subject to escrow restrictions.

12. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance - December 31, 2023	-	-
Issued during the year (ii), (iii), (iv) & (v)	8,474,165	0.38
Broker warrants issued during the year (ii), (iii), (iv) & (v)	768,754	0.28
Balance - December 31, 2024	9,242,919	0.37
Issued during the year (i)	5,600,828	0.22
Broker warrants issued during the year (i)	896,132	0.18
Broker warrants cancelled	(14,000)	0.25
Balance - December 31, 2025	15,725,879	0.31

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12. WARRANTS *(Continued)*

A total of 14,000 broker warrants reported from the December 31, 2024 private placement (Note (iv) below) were surrendered for cancellation. As a result, broker warrant of \$1,872 was reversed, along with previously recognized share issue costs of \$1,289 for share capital and \$583 for warrants.

- i) In connection with the December 31, 2025 private placement disclosed in Note 11 (b)(i), the Company issued 5,600,828 warrants and 896,132 broker warrants. The grant date fair value of \$358,915 assigned to the warrants and \$80,114 assigned to the broker warrants was estimated using the Monte Carlo simulation model with the following assumptions: expected dividend yield of 0%, expected volatility of 117%, a risk free interest rate of 2.57%, and an expected life of 3 year. Finders' fees of \$42,974 was allocated to the warrants Note 11 (b)(i).
- ii) In connection with the November 18, 2024 private placement disclosed in Note 11 (b)(ii), the Company issued 2,778,000 warrants and 68,800 broker warrants. The grant date fair value of \$172,980 assigned to the warrants and \$5,397 assigned to the broker warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 89.70%, a risk free interest rate of 3.16%, and an expected life of 2 year. Finders' fees of \$5,628 was allocated to the warrants Note 11 (b)(ii).
- iii) In connection with the November 18, 2024 private placement disclosed in Note 11 (b)(iii), the Company issued 1,508,999 warrants and 166,133 broker warrants. The grant date fair value of \$174,630 assigned to the warrants and \$21,058 assigned to the broker warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 89.70%, a risk free interest rate of 3.16%, and an expected life of 2 year. Finders' fees of \$13,665 was allocated to the warrants Note 11 (b)(iii).
- iv) In connection with the December 30, 2024 private placement disclosed in Note 11(b)(v), the Company issued 478,000 warrants and 24,360 broker warrants. The grant date fair value of \$37,200 assigned to the warrants and \$3,258 assigned to the broker warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, a risk free interest rate of 3.03%, and an expected life of 2 year. Finders' fees of \$2,910 was allocated to the warrants Note 11 (b)(v).
- v) In connection with the December 31, 2024 private placement disclosed in Note 11(b)(vi), the Company issued 3,709,166 warrants and 509,461 broker warrants. The grant date fair value of \$391,004 assigned to the warrants and \$64,872 assigned to the broker warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, a risk free interest rate of 3.03%, and an expected life of 2 year. Finders' fees of \$38,311 was allocated to the warrants Note 11 (b)(vi).

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12. WARRANTS *(Continued)*

Summary of warrants outstanding as at December 31, 2025:

<u>Warrants</u>	<u>Exercise price</u>	<u>Grant date fair value of warrants - net of issue costs</u>	<u>Expiry date</u>
#	\$	\$	
478,000	0.35	34,873	30-Dec-26
1,542,499	0.40	144,947	30-Dec-26
2,166,667	0.40	207,894	27-Dec-26
2,778,000	0.35	167,352	18-Nov-26
1,508,999	0.40	160,965	18-Nov-26
5,600,828	0.22	315,942	31-Dec-28
<u>14,074,993</u>		<u>1,031,973</u>	

Summary of broker warrants outstanding as at December 31, 2025:

<u>Broker warrants</u>	<u>Exercise price</u>	<u>Grant date fair value of warrants</u>	<u>Expiry date</u>
#	\$	\$	
10,360	0.25	1,386	30-Dec-26
196,128	0.30	24,084	30-Dec-26
313,333	0.30	40,788	27-Dec-26
166,133	0.30	21,058	18-Nov-26
68,800	0.25	5,397	18-Nov-26
896,132	0.18	80,114	31-Dec-28
<u>1,650,886</u>		<u>172,827</u>	
<u>15,725,879</u>		<u>1,204,800</u>	

A total of 3,559,136 warrants issued during the year are subject to a 120-day holding period from their issuance date. As of December 31, 2025, 3,559,136 warrants remain restricted.

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13. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers, employees and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 10% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted.

The number of stock options outstanding at December 31 2025 is summarized as follows:

	Number of options	Weighted average exercise price
		\$
Balance December 31, 2023	-	-
Reverse takeover (Note 1)	263,000	0.35
Balance, December 31, 2024	263,000	0.35
Issued during the year	1,800,000	0.25
Expired during the year	(418,000)	0.29
Balance December 31, 2025	1,645,000	0.25

At December 31, 2025, outstanding options to acquire common shares of the Company were as follows:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Exercisable
	\$			\$	
15,000	\$0.50	30-Oct-28	2.83	0.15	10,737
35,000	\$0.38	03-May-34	8.34	0.24	25,053
45,000	\$0.25	03-Aug-33	7.59	0.24	32,210
1,550,000	\$0.25	22-Jan-35	9.07	0.22	1,550,000
1,645,000					1,618,000

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13. SHARE BASED PAYMENTS *(Continued)*

The weighted average grant date fair value of options granted during the year was \$0.22 (2023 - \$0.13). The share-based payment expense of \$392,187 was recorded in the statement of net loss and comprehensive loss and credited to the contributed surplus in the statement of financial position, (2024 - \$33,923 - was attributed to the value of the consideration paid for the RTO).

These options were valued using the Black-Scholes Model with the following assumptions:

	2025	2024
Risk free interest rate	3.32%	3.07%-3.19%
Expected life	10 years	1 - 9.5 years
Expected volatility	133%	100% - 150%
Expected dividend yield	nil	nil
Expected forfeiture rate	nil	nil

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2025	2024
	\$	\$
Non-cash investing and financing activities:		
Value of broker warrants issued as share issue cost	80,114	94,585
Value of broker warrants canceled	(1,872)	-
Other current assets from reverse takeover	-	8,351
Trade and other payables from reverse takeover	-	199,475
Initial recognition of right-of-use-asset and lease liability	52,236	-

15. FINANCIAL INSTRUMENTS

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date, December 31, 2025 and 2024.

1. Fair Value

Financial instruments included in the statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties. Except for cash and investment, the Company does not have any financial instruments measured at fair value.

The carrying values of share subscription receivable, interest and other receivable, taxes receivable, related party payable, accounts payable and accrued liabilities and taxes payable approximate their fair values due to the short term to maturity of the instruments.

The carrying value of the lease liability also approximates its fair value. The lease liability is measured at amortized cost using the effective interest method, and the discount rate applied reflects the Company's incremental borrowing rate at the time of initial recognition.

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15. FINANCIAL INSTRUMENTS *(Continued)*

2. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances primarily in large Canadian chartered banks and has no loans. The Company's current policy is to invest cash in Canadian bank savings accounts or guaranteed investments certificates with interest that varies at prime.

3. Credit Risk

The Company's credit risk is primarily attributable to cash, investment, interest and other receivable and share subscription receivable. Cash and investment are held with reputable financial institutions, primarily in Canada, and are kept in highly liquid accounts that are closely monitored by management. Credit risk with respect to interest and other receivable and share subscription receivable is minimal due to their short-term nature.

The Company's maximum exposure to credit risk is as follows:

December 31, 2025	
	\$
Cash	593,352
Investment	266,840
Share subscription receivable	964,084
Interest and other receivable	2,858
	1,827,134
December 31, 2024	
Cash	3,099,372
Share subscription receivable	34,000
	3,133,372

4. Derivatives – Mineral Properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

5. Foreign exchange risk

Foreign exchange risk is the risk that fair values of future cash flows of a financial instrument will fluctuate because they are nominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

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15. FINANCIAL INSTRUMENTS *(Continued)*

6. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below. At December 31, 2025, the Company had a cash balance of \$593,352, investment of \$266,840 and share capital receivable of \$964,084 to settle its current liabilities of \$2,940,062.

The Company had a working capital deficit of \$94,740 at December 31, 2025 which, in the opinion of management, is not sufficient to support the Company's normal operating requirements through its current reporting period. However, as mentioned in note 1, subsequent to the year end, on January 30, the Company raised gross proceeds \$1,050,000 from a private placement. Management intends to finance operating and exploration costs over the next twelve months with cash on hand, private placements of common shares and a bulk sample on one of its properties. The Company is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

16. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at December 31, 2025, total managed capital was \$4,948,157 (2024 - \$4,108,163).

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 issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in interest-bearing accounts with Canadian chartered banks.

The Company is not subject to externally imposed capital requirements.

17. COMMITMENTS

As of December 31, 2025, the Company has yet to incur exploration expenditures totaling \$1,738,915 from its flow-through funds. The expenditures must be incurred by December 31, 2026. If they are not incurred by that date, the Company will need to indemnify the shareholders for any taxes or other costs incurred by them.

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18. SUBSEQUENT EVENTS

- i) On January 30, 2026, the Company closed a non-brokered private placement of units raising gross proceeds \$1,050,000. Of this amount, \$77,000 was received in advance during the year ended December 31, 2025.
- ii) Participation in the Semi-Annual Reporting Pilot Program:
After the end of the fiscal year, on April 21, 2026, the Company filed a notice of intention to rely on CSA Coordinated Blanket Order 51-933, which permits eligible venture issuers to adopt a semi-annual financial reporting framework under the Canadian Securities Administrators' Semi-Annual Reporting ("SAR") Pilot Program.
Beginning in fiscal 2026, the Company will be exempt from filing interim financial statements and MD&A for its first and third fiscal quarters. The Company will continue to file semi-annual financial statements and MD&A for the first six months of each fiscal year, annual audited financial statements and annual MD&A, CEO/CFO certifications, and all required timely disclosure documents. This change does not impact the Company's reporting obligations for the year ended December 31, 2025, for which quarterly reporting remained in effect.
- iii) In February 2026, the Company purchased a house in Gaspé, Québec for an amount of \$195,000.
- iv) On March 11, 2026, the Company issued 600,000 stock options to consultants.