Consolidated Tanager Limited

Financial Statements
For the years ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Consolidated Tanager Limited:

Opinion

We have audited the financial statements of Consolidated Tanager Limited (the "Company"), which comprise the statements of financial position as at June 30, 2026 and June 30, 2025, and the statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2026 and June 30, 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, 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.

MNP LLP
50 Burnhamthorpe Road West, Suite 900, Mississauga ON, L5B 3C2 T: 416.626.6000 F: 416.626.8650

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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

The engagement partner on the audit resulting in this independent auditor's report is Charanjot Singh Bindra.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

October 15, 2026

Licensed Public Accountants

Consolidated Tanager Limited
Statements of Financial Position
As at June 30, 2026 and 2025
(Expressed in Canadian Dollars)

	Note		**2026**		2025
Assets					
Current assets					
Cash and cash equivalents		**$**	**82,677**	$	848,056
Short-term investments	3		**735,006**		1,143,652
Marketable securities	8		**9,206,700**		6,618,001
Accounts receivable	4		**20,683**		28,663
Prepaid expenses			**15,196**		13,988
Total Current Assets			**10,060,262**		8,652,360
Non-current assets					
Mining properties	5		**2**		2
Total Assets		**$**	**10,060,264**	$	8,652,362
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**52,417**	$	43,466
Income taxes payable	9		**-**		31,210
Dividend payable			**145,516**		139,965
Total Current Liabilities			**197,933**		214,641
Non-current liabilities					
Deferred tax liability	9		**386,270**		125,356
Total Liabilities			**584,203**		339,997
Shareholders' Equity					
Share capital	7		**505,650**		505,660
Contributed surplus	7		**317,592**		317,657
Accumulated other comprehensive income			**3,498,452**		1,323,487
Retained earnings			**5,154,367**		6,165,561
Total Shareholders' Equity			**9,476,061**		8,312,365
Total Liabilities and Shareholders' Equity		**$**	**10,060,264**	$	8,652,362

Business of the Company (Note 1)
Subsequent Event (Note 13)

APPROVED ON BEHALF OF THE BOARD

"E. Clifton"	"C. F. Watson"
Director (signed)	Director (signed)

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

Consolidated Tanager Limited
Statements of Operations and Comprehensive Income
For the years ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)

	Note		**2026**		2025
Income					
Gain on sale of land	5	**$**	**-**	$	249,187
Investment income			**277,054**		347,745
			277,054		596,932
Expenses					
General corporate	6, 10		**203,322**		182,366
Property maintenance			**52,846**		41,117
Exploration expenses	5		**2,870**		187,421
			259,038		410,904
Income before tax			**18,016**		186,028
Current tax (recovery) expense	9		**(31,210)**		19,419
Deferred tax (recovery) expense	9		**(10,192)**		(38,945)
Net income for the year		**$**	**59,418**	$	205,554
Items not reclassified to net income:					
Unrealized gain on marketable securities, net of tax	8		**2,086,317**		779,747
Realized gain on sale of marketable securities	8		**88,648**		50,774
Total comprehensive income for the year, net of tax		**$**	**2,234,383**	**$**	1,036,075
Net income per share (basic and diluted)		**$**	**0.01**	$	0.04
Weighted average number of shares outstanding (basic and diluted)			**5,353,075**		5,353,275

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

Consolidated Tanager Limited
Statements of Changes in Shareholders' Equity
For the years ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)

	Common shares #	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Retained earnings $	Total shareholders' equity $
Balance, June 30, 2024	**5,353,450**	**505,716**	**318,038**	**492,966**	**7,030,664**	**8,347,384**
Dividends declared	-	-	-		(1,070,657)	(1,070,657)
Fair value adjustments, net of tax	-	-	-	779,747	-	779,747
Realized gain – without tax consideration	-	-	-	50,774	-	50,774
Share purchased and cancelled	(330)	(56)	(381)	-	-	(437)
Net income for the year	-	-	-	-	205,554	205,554
Balance, June 30, 2025	**5,353,120**	**505,660**	**317,657**	**1,323,487**	**6,165,561**	**8,312,365**

Balance, June 30, 2025	**5,353,120**	**505,660**	**317,657**	**1,323,487**	**6,165,561**	**8,312,365**
Dividends declared	-	-	-		(1,070,612)	(1,070,612)
Fair value adjustments, net of tax	-	-	-	2,086,317	-	2,086,317
Realized gain – without tax consideration	-	-	-	88,648	-	88,648
Share purchased and cancelled	(60)	(10)	(65)	-	-	(75)
Net income for the year	-	-	-	-	59,418	59,418
Balance, June 30, 2026	**5,353,060**	**505,650**	**317,592**	**3,498,452**	**5,154,367**	**9,476,061**

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

Consolidated Tanager Limited
Statements of Cash Flows
For the years ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)

		2026		2025
Cash flow from operating activities				
Net income before other comprehensive income	**$**	**59,418**	$	**205,554**
Deferred tax provision		**(10,092)**		**(38,944)**
Changes in net working capital:				
Income taxes receivable/payable		**(31,210)**		**31,210**
Accounts receivable		**7,980**		**37,707**
Prepaid expenses		**(1,208)**		**(343)**
Accounts payable and accrued liabilities		**8,951**		**1,913**
Dividend payable		**5,551**		**-**
		39,390		**237,097**
Cash flow from investing activities				
Purchase of marketable securities		**(555,987)**		**(420,743)**
Sales of marketable securities		**373,550**		**156,600**
Redemption of marketable securities		**39,709**		**17,026**
Redemption (purchase) of short-term investments		**408,646**		**464,839**
		265,918		**217,722**
Cash used in financing activities				
Purchase and cancellation of common shares		**(75)**		**(437)**
Dividends paid		**(1,070,612)**		**(1,070,666)**
		(1,070,687)		**(1,071,103)**
Decrease in cash and cash equivalents		**(765,379)**		**(616,284)**
Cash and cash equivalents, beginning of year		**848,056**		**1,464,340**
Cash and cash equivalents, end of year	**$**	**82,677**	$	**848,056**

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

1. Business of the Company

Consolidated Tanager Limited (the "Company" or "Tanager") is incorporated under the Business Corporation Act of Ontario with a registered address at Suite 331 1900 Bayview, Toronto, Ontario. The Company holds resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out.

2. Material Accounting Policies

Statement of Compliance with International Financial Reporting Standards

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of presentation

These financial statements have been prepared by management on a historical cost basis using the accrual basis of accounting, except for cash flow information and items recorded at fair value.

The functional and presentation currency for these financial statements is the Canadian dollar.

The financial statements were approved by the Company's Board of Directors and authorized for issue on October 15, 2026.

Significant accounting judgments, estimates, and assumptions

The preparation of these financial statements requires management to make certain judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates. These 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

2. Material Accounting Policies - continued

Financial instruments

IFRS 9 - Financial instruments ("IFRS 9") includes requirements and guidance for classification, recognition and measurement, impairment, de-recognition and general hedge accounting.

Financial assets

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVOCI"). The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

   Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income ("FVOCI"). Gains or losses on these items are recognized in statements of operations and comprehensive income.

   The Company's short-term investments are classified as financial assets measured at FVTPL.

ii. Amortized cost

   Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other definitive evidence is received that a specific counterparty will default.

   The Company's cash and cash equivalents, and accounts receivable, excluding HST, are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

   Financial assets are recorded at FVTOCI when the fair value through other comprehensive income election is made.

   The Company's marketable securities are classified as financial assets measured at FVTOCI through the election stated above.

Financial liabilities

All financial liabilities are recognized initially at fair value and subsequently at amortized cost.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

   Financial liabilities, including borrowings, are measured at fair value on initial recognition, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

   The effective yield basis is a method of calculating the unamortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flow payments over the expected life of the financial liability to the net carrying amount on initial recognition. The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

   The Company's accounts payable and accrued liabilities approximate their amortized costs.

2. Material Accounting Policies - continued

Financial instruments – continued

ii. Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they do not fall into amortized cost detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through statement of operations and comprehensive income, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of operations and comprehensive income. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

De-recognition of financial liability

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations and comprehensive income.

Expected credit loss impairment model

IFRS 9 includes a simplified expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company recognizes expected credit loss for accounts receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the accounts receivable.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2026 and 2025, short-term investments and marketable securities - equity securities were measured at fair value and were classified within Level 1 of the fair value hierarchy.

2. Material Accounting Policies - continued

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less or which are readily convertible into a known amount of cash. As of June 30, 2026 and 2025, the Company had $82,677 and $848,056 respectively of cash and cash equivalents in the form of flexible cash and redeemable guaranteed investment certificates.

Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's") that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Investments in equity instruments are subsequently measured at fair value through other comprehensive income. Equity instruments that are not held for trading can be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income. Cumulative gains and losses are transferred from accumulated other comprehensive income to retained earnings upon derecognition of the investment.

Revenue recognition

In the current period there was no revenue from operations, however, the Company derived income from other sources, which comprised of interest and dividend income. Interest income is recognized over time as it is earned and dividend income is recognized when it is declared and becomes receivable.

Dividends

From time to time as the Company sees fit, it may declare a dividend to the shareholders of record on a particular day.

Exploration costs

The Company has taken the election under IFRS 6 to expense exploration costs as they are incurred. During the years ended June 30, 2026 and June 30, 2025, the Company expensed $2,870 and $386,320 of exploration costs respectively.

The Company received $nil (2025 – $198,899) from the Ontario Ministry of Mines under the Ontario Junior Exploration Program as a grant towards deferring a portion of these costs. These amounts were recorded as recovery of costs relating to exploration expenditures.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the benefits expected to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at June 30, 2026 and 2025.

2. Material Accounting Policies - continued

Government assistance

The Company recognizes government grants given on eligible expenditures when it is reasonably assured that they will be realized. The Company uses the cost reduction method to account for government grants, under which the credits are applied against the expense or asset to which the government grant relates.

Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment at each reporting period and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels of CGU. The recoverable amount is the higher of an asset's fair value less disposal cost or its value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGUs to which the asset belongs.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are often offset when there is a legally enforceable right to offset the tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced 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.

Income per share

Basic income per share is calculated using the weighted average number of common shares outstanding during the year. Diluted income per share is equal to basic income per share because the Company had no potentially dilutive common shares outstanding during the year.

2. Material Accounting Policies - continued

Segment reporting

The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

Changes in Accounting Policies

The Company adopted the following standards during the year ended June 30, 2026:

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The adoption of the amendments to IAS 21 did not have a significant impact on the financial statements.

Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. The Company intends to adopt those standards when they become effective.

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

IFRS 18 - Presentation and Disclosure of Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 - Presentation and Disclosure of Financial Statements. This standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1 - Presentation of Financial Statements. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The Company is assessing the impacts to ensure that all information complies with the standard.

3. Short-Term Investments

The Short-term investments held by the Company include a tiered savings account.

		2026		2025
Tiered Savings Account	**$**	**735,006**	$	1,143,652
Total	**$**	**735,006**	$	1,143,652

4. Accounts Receivable

The Accounts Receivable held by the Company included interest receivable (earned from GICs and Tiered Savings Account), dividends receivable (earned from marketable securities), and GST/HST receivable.

		2026		2025
Interest Receivable	**$**	**988**	$	8,496
Dividends Receivable		**17,416**		17,536
GST/HST Receivable		**2,279**		2,631
Total	**$**	**20,683**	$	28,663

5. Mining Properties

The investments in the following properties were written down to $2 in a prior year.

Hinton Coal Property of Alberta

The Hinton Coal property comprises 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with KC Euroholdings S.a.r.l. ("KCE") operating in Canada as “Coalspur” to transfer the rights of the Hinton Coal property to Coalspur in consideration for three scheduled cash payments and the reservation of a 1.0% of Sales Revenue royalty on all future coal sales from the property. An initial cash payment of $2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement, and upon completion of a favourable feasibility study during 2012, the Company received a second cash payment of $6,000,000. The Company was entitled to receive a further payment of $10,000,000 on or before the earlier of February 19, 2016 or on the placing of the property into commercial production at a rate of at least 90,000 tonnes per month.

Coalspur Mines (Coalspur) Ltd. commenced mining and shipping coal in June 2019. The Company was informed on October 31, 2019, that Coalspur had produced, sold and delivered to rail its 500,000th clean tonne and this milestone event led to triggering a payment of $10,000,000 due to the Company. The final payment comprising the $10,000,000 was received in the year ended June 30, 2022.

Royalty payments, for production were received since 2019, however there was no production on the Company’s claims in the years ended June 30, 2026 and 2025, and thus no royalties receivable. The only interest presently held by the Company is a 1% royalty on the property, and no amounts outside the royalty are owed by Coalspur to the Company.

Timmins Area of Ontario

The Company owns 86 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. $350 per ounce, on rock treated in excess of the first 50,000 tons processed. In 2004, 2 of the patented claims and 1 license of occupation were sold for $200,000 of which an irrevocable payment of $50,000 was received prior to June 30, 2003.

During the year ended June 30, 2026, the Company incurred $nil **(**2025 - $386,320) of expenditures for an exploration program on its Timmins claims. During the year ended June 30, 2025, the Company received $198,899 from the Ontario Ministry of Mines (refer to note 2) as a grant towards parting differing these costs. Based on the results of the samples testing, the Company has determined that no further exploration will be conducted.

During the year ended June 30, 2025, the Company sold a lot in the Tisdale township for $249,187. This lot was located close to urban activity, and it was agreed that no further work will be done at this time.

6. Related Party Transactions and Balances

The Company incurred expenses of $20,000 for the year ended June 30, 2026 (2025 - $20,000) to the Chief Financial Officer for accounting, administrative and secretarial services rendered. These expenses are included in general corporate expenses.

The Company incurred Directors' fees of $46,000 for the year ended June 30, 2026 (2025 - $43,000). These expenses are included in general corporate expenses.

All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties. There were no balances outstanding to related parties as at June 30, 2026 and June 30, 2025.

7. Share Capital

Authorized

As of June 30, 2026 and 2025, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

During the year ended June 30, 2026, the Company acquired and cancelled a total of 60 (2025 – 330) common shares for $75 (2025 – $437).

During the year ended June 30, 2026, the Company declared and paid dividends totaling $1,070,612 (2025 – $1,070,657).

8. Marketable Securities

The following is a summary of the fair value of the Company's marketable securities:

		2026	**Number**		2025	Number
Marketable Securities						
Royal Bank of Canada	**$**	**1,168,856**	**3,980**	$	714,291	3,980
Toronto Dominion Bank		**984,977**	**5,712**		572,114	5,712
Hamilton Enhanced Canadian Bank ETF		**749,100**	**15,000**		407,400	15,000
Exchange Income Corporation		**661,550**	**5,000**		313,650	5,000
TD Global Technology Leaders Index ETF		**615,400**	**10,000**		467,800	10,000
TC Energy Corporation		**605,784**	**6,450**		428,796	6,450
Manulife Financial Corporation.		**603,960**	**10,500**		457,170	10,500
Bank of Nova Scotia		**506,640**	**4,110**		309,483	4,110
Pembina Pipeline Corporation		**426,530**	**6,500**		332,345	6,500
Enbridge Inc.		**384,550**	**5,000**		308,750	5,000
E Split Corp		**376,800**	**20,000**		282,800	20,000
Whitecap Resources Inc.		**368,250**	**25,000**		228,750	25,000
Taranis Resources Inc.		**264,000**	**2,200,000**		484,000	2,200,000
Dream Industrial REIT		**244,825**	**17,500**		206,325	17,500
Superior Plus Corporation		**195,250**	**25,000**		199,500	25,000
Propel Holdings		**194,850**	**7,500**		189,200	5,000
Thomson Reuters		**170,980**	**1,476**		-	-
BCE Inc.		**152,750**	**5,000**		151,000	5,000
Element Fleet Manager		**146,350**	**5,000**		170,550	5,000
1-80 Gold Corp		**103,000**	**50,000**		-	-
Logan Energy Corp		**84,000**	**100,000**		-	-
Integra Resources		**78,750**	**25,000**		-	-
South Bow		**64,448**	**1,290**		45,602	1,290
Vital Infrastructure Property Trust		**55,100**	**10,000**		49,800	10,000
Baytex Energy Corp		**-**	**-**		61,000	25,000
CI Financial Corporation		**-**	**-**		237,675	7,500
Total	**$**	**9,206,700**		$	6,618,001	

Marketable securities

		2026		2025
Balance, beginning of the year	**$**	**6,618,001**	$	**5,435,265**
Purchases		**555,987**		**420,743**
Return of capital		**(39,709)**		**(17,026)**
Sales (book value)		**(284,902)**		**(105,831)**
Change in fair value (net)		**2,357,323**		**884,850**
Balance, end of the year	**$**	**9,206,700**	$	**6,618,001**

9. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 23% (2025 - 23%) to the effective tax rate for the years ended June 30 is as follows:

		2026		2025
Net income before provision for income taxes	**$**	**18,016**	$	186,028
Expected income tax expense (recovery)	**$**	**4,140**	$	45,140
Tax rate changes and other adjustments		**-**		2,141
Non-taxable Canadian dividend income		**(43,910)**		(67,336)
Adjustment in respect of prior periods		**-**		(11,791)
Gain on marketable securities recorded in equity		**(1,632)**		12,320
Income tax provision	**$**	**(41,402)**	$	(19,526)

The Company's income tax is allocated as follows:

Current tax expense (recovery)	**$**	**(31,210)**	$	19,419
Deferred tax expense (recovery)		**(10,192)**		(38,945)
	$	**(41,402)**	$	(19,526)

The following table summarizes the components of deferred tax:

		2026		2025
Deferred tax Assets:				
Operating tax losses carried forward	**$**	**39,100**	$	-
Resource pools – Mineral Properties		**10,020**		38,950
	$	**49,120**	$	38,950
Deferred tax liabilities:				
Marketable securities	**$**	**(435,390)**	$	(164,306)
	$	**(435,390)**	$	(164,306)
Net deferred tax liability	**$**	**(386,270)**	$	(125,356)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

		2026		2025
Balance, beginning of the year	**$**	**(125,356)**	$	(59,204)
Recognized in statement of operations and comprehensive income		**10,192**		38,945
Recognized in equity		**(271,106)**		(105,097)
Balance, end of the year	**$**	**(386,270)**	$	(125,356)

10. General Corporate Expenses

	Note		2026		2025
Professional services	6	**$**	**92,047**	$	**76,411**
Directors' fees	6		**46,000**		**43,000**
Transfer agent fees			**24,154**		**23,486**
Insurance			**32,681**		**29,404**
General and administrative			**2,815**		**3,920**
Shareholder information			**5,625**		**6,145**
		$	**203,322**	**$**	**182,366**

11. Capital Disclosures

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

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

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the year ended June 30, 2026.

12. Financial Risk Factors

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents, short-term investments, and accounts receivables. The risk management covers the cash and cash equivalents, short-term investments, and accounts receivables, through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As of June 30, 2026 and 2025 the aggregate of cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company's financial liabilities.

12. Financial Risk Factors - continued

The following tables set forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

June 30, 2026	Total carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Accounts Payable and Accrued Liabilities	52,417	52,417	-	-
Dividend Payable	145,516	145,516	-	-
Total	**197,933**	**197,933**	**-**	**-**

June 30, 2025	Total carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Accounts Payable and Accrued Liabilities	43,466	43,466	-	-
Dividend Payable	139,965	139,965	-	-
Income taxes payable	31,210	31,210	-	-
Total	**214,641**	**214,641**	**-**	**-**

Market Risk

Interest rate risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances and on the short-term investments, as the GICs interest is calculated based on CIBC's prime rate. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates and high interest mutual funds issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. Sensitivity to a plus or minus 0.1% change in cash interest rates would have no material impact on the Company's reported net income.

Price risk

The Company is exposed to price risk with respect to commodities, namely coal. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to changes in coal prices affecting the Coalspur royalty on the Hinton properties. There is no risk in the current period as there was no royalty revenue recognized.

The Company's investments in marketable securities are subject to fair value fluctuations arising from changes in the equity and commodity markets.

12. Financial Risk Factors - continued

Sensitivity Analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on Management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible":

The Company is exposed to price risk as it relates to its investments held in marketable securities. Sensitivity to a plus or minus 10% change in the bid price as at June 30, 2026 would affect comprehensive income by approximately $920,670 (2025 - $661,800).

13. Subsequent Event

On August 26, 2026, the Company declared a special eligible dividend of $0.10 per issued and outstanding common share for a total of $535,215. The dividend is to be paid December 4, 2026 to all shareholders of record as of the close of business on November 16, 2026.