KOOTENAY
SILVER INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended

March 31, 2025

and

March 31, 2024

(Unaudited)

(Expressed in Canadian dollars)

Index

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

		March 31, 2025 Unaudited		December 31, 2024 Audited
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**2,306,797**	$	5,367,448
Receivables and advances (Note 8)		**30,138**		2,844
Prepaid expenses		**290,082**		228,263
Marketable securities (Note 4)		**826,102**		666,922
		3,453,119		6,265,477
Non-current assets:				
Fixed assets (Note 5)		**966,690**		983,129
Exploration and evaluation assets (Note 6)		**30,404,010**		28,473,826
Receivables (Note 8)		**1,499,527**		1,438,822
Right-of-use asset (Note 15)		**92,048**		101,570
Total assets	**$**	**36,415,394**	$	37,262,824
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities (Note 10)	**$**	**281,562**	$	292,246
Lease liability (Note 15)		**36,646**		38,948
Total current liabilities		**318,208**		331,194
Lease liability long term (Note 15)		**72,033**		78,406
Total liabilities	**$**	**390,241**	$	409,600
Shareholders' equity:				
Share capital (Note 7)		**116,705,452**		116,584,912
Reserves (Note 7)		**55,524,693**		55,366,812
Accumulated other comprehensive income		**5,249,081**		5,268,635
Deficit		**(141,454,073)**		(140,367,135)
Total shareholders' equity		**36,025,153**		36,853,224
Total liabilities and shareholders' equity	**$**	**36,415,394**	$	37,262,824

Nature of Operations and Going Concern (Note 1)
Commitments (Note 12)
Subsequent event (Note 16)

Approved on Behalf of the Board:

"Jon Morda"	*"James McDonald"*
Director	Director

- see accompanying notes –

KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS

	Three Months Ended March 31, 2025	2024
General and administrative expenses		
Office and general (Note 10)	**$ 496,065**	$ 235,668
Professional fees	**187,300**	228,668
Management fees (Note 10)	**60,000**	60,000
Rent and occupancy costs	**14,432**	31,962
Regulatory and filing fees	**48,930**	56,775
Depreciation (Note 5)	**9,479**	4,254
Stock- based compensation (Note 7)	**93,209**	386,627
Loss before exploration and other Items	**909,415**	1,003,954
Exploration and evaluation		
Mineral property investigation (Note 6)	**-**	5,293
Exploration Expenditures	**230,468**	279,701
	230,468	284,994
Other Items		
IVA recovered	**(19,821)**	-
Foreign exchange loss	**6,767**	22,341
Gain on sale of marketable securities	**-**	(24,253)
Finance income	**(39,891)**	(25,118)
	(52,945)	(27,030)
Loss for the period	**1,086,938**	1,261,918
Basic and diluted loss per share (Note 7)	**$ (0.02)**	$ (0.03)
Weighted average number of shares outstanding – basic and diluted (Note 7)	**61,714,027**	48,165,650

- see accompanying notes -

KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended March 31,	
	2025	2024
Loss for the period	**$ 1,086,938**	$ 1,261,918
Other comprehensive loss (income):		
Fair value changes to marketable securities arising during the period (Note 4)	**(159,180)**	(63,416)
Foreign currency translation differences of foreign operations	**178,734**	25,244
Total other comprehensive loss (income)	**19,554**	(38,172)
Comprehensive loss for the period	**$ 1,106,492**	$ 1,223,746

- see accompanying notes -

KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Consolidated Shares		Capital Stock		Reserves		Accumulated Other Comprehensive Income (Loss)		Deficit		Total Equity
Balance, December 31, 2023	45,767,030	$	104,492,335	$	50,827,629	$	3,703,990	$	(135,924,190)	$	23,099,764
Shares issued, net of issuance costs	4,960,782		2,579,162		891,289		-		-		3,470,451
Option based compensation	-		-		623,135		-		-		623,135
Fair value changes to marketable securities arising during the period	-		-		-		63,416		-		63,416
Foreign currency translation differences of foreign operations	-		-		-		(25,244)		-		(25,244)
Loss for the period	-		-		-		-		(1,261,918)		(1,261,918)
Balance, March 31, 2024	**50,727,812**	**$**	**107,071,497**	**$**	**52,342,053**	**$**	**3,742,162**	**$**	**(137,186,108)**	**$**	**25,969,604**
Balance, December 31, 2024	61,694,443	$	116,584,912	$	55,366,812	$	5,268,635	$	(140,367,135)	$	36,853,224
Shares issued, net of issuance costs	120,800		120,540		-		-		-		120,540
Option based compensation	-		-		157,881		-		-		157,881
Fair value changes to marketable securities arising during the period	-		-		-		159,180		-		159,180
Foreign currency translation differences of foreign operations	-		-		-		(178,734)		-		(178,734)
Loss for the period	-		-		-		-		(1,086,938)		(1,086,938)
Balance, March 31, 2025	**61,815,243**	**$**	**116,705,452**	**$**	**55,524,693**	**$**	**5,249,081**	**$**	**(141,454,073)**	**$**	**36,025,153**

- see accompanying notes -

KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	Three Months ended March 31,	
	2025	2024
Cash flows from operating activities		
Loss for the period	$ **(1,086,938)**	$ (1,261,918)
Add items not involving cash:		
Option based compensation	**93,209**	386,627
Gain from marketable securities	**-**	(24,253)
Accretion of lease liability	**2,099**	
Depreciation fixed and ROU assets (Note 5,15)	**19,001**	4,254
	(972,629)	(895,290)
Changes in non-cash working capital balances:		
Receivable and advances	**(48,309)**	86,446
Prepaid expenses	**(61,710)**	(69,084)
Accounts payable and accrued liabilities	**18,837**	(104,672)
	(1,063,811)	(982,600)
Cash flows from financing activities		
Net proceeds from private placement and equity financing, net of issuance costs (Note 7)	**120,540**	3,470,451
Lease payments	**(10,775)**	-
	109,765	3,470,451
Cash flows from investing activities		
Investment in exploration and evaluation assets	**(2,135,546)**	(584,975)
Proceeds from sale of marketable securities	**-**	389,133
	(2,135,546)	(195,842)
Effect of foreign exchange rate changes on cash	**28,941**	10,878
Net change in cash and cash equivalents during the period	**(3,060,651)**	2,302,887
Cash and cash equivalents, beginning of the period	**5,367,448**	435,367
Cash and cash equivalents, end of the period	$ **2,306,797**	$ 2,738,254

Supplemental disclosure of cash and non-cash activities (Note 9)

- see accompanying notes -

(unaudited - Expressed in Canadian dollars)

1 Nature of Operations and Going Concern

Kootenay Silver Inc. and its wholly owned Mexican incorporated subsidiaries (the "Company") is a Canadian exploration stage company incorporated under the *Business Corporations Act* (British Columbia). The address of the Company's registered office is 910 - 810 West Pender St. Vancouver, British Columbia, Canada. The Company is currently listed on the TSX Venture Exchange ("TSX-V") under the symbol "KTN".

The Company is focused on acquiring and exploring mineral properties principally located in Mexico, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

The Company has predominately experienced operating losses and negative operating cash flows; operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. Management has estimated that the Company has sufficient financing to complete current work plans; however, future development will require additional financing in order to complete all anticipated exploration and other programs during the forthcoming year and thereafter. If funds are unavailable terms satisfactory to the Company, some or all planned activities may be cancelled or postponed. The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its projects in Mexico.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then adjustments to the carrying values of assets and liabilities would be necessary. Such adjustment may be material.

	Three months ended March 31, 2025	Year ended December 31, 2024
Loss	**$ 1,086,938**	$ 4,442,945
Working capital	**$ 3,134,911**	$ 5,934,283

2 Basis of Presentation:

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements are for the three months ended March 31, 2025 and have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). They do not include all the information required in annual financial statements in accordance with IFRS® and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024. The policies applied in these consolidated interim financial statements are consistent with the accounting policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee of the Company as authorized by the Board of Directors on May 23, 2025.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and its wholly owned subsidiary’s, Northair Silver Corp. The functional currency of wholly owned subsidiaries of the Company, Minera JM S.A. de C.V., Grupo Northair de Mexico S.A. de C.V. and Kootenay Gold (US) Corp., is the US dollar and for Servicios de Exploraciones Sonora, S.A. de C.V., is the Mexican Peso.

Assets and liabilities of the subsidiaries with a functional currency in US dollars and Mexican pesos are translated at the period-end exchange rates, and the results of its operations are translated at average exchange rates for the period. The resulting translation adjustments are recorded in accumulated other comprehensive loss (income) in shareholders’ equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss.

3 Material Accounting Policies:

The material accounting policies, significant estimates and judgements applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2024, except if noted below. These consolidated interim statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024.

4 Marketable Securities

As at March 31, 2025, the fair value of marketable securities held was $826,102 (December 31, 2024 – $666,922) related to investments in publicly traded companies which was issued to the Company in consideration of various property earn-in option agreements. During the three months ended March 31, 2025, the Company recorded in other comprehensive loss, a gain of $159,180 (2024 – a gain of $63,416) for fair value adjustments to marketable securities. During the three months ended March 31, 2025 the Company recorded proceeds from sale of marketable securities $nil (March 31, 2024 - $389,133) and a gain of $nil (March 31, 2024 – a gain of $24,253).

(Unaudited - Expressed in Canadian dollars)

5 Fixed Assets:

	Vehicle	Office Equipment	Computer Equipment	Land	Total
Cost					
Balance December 31, 2023	$ 211,628	$ 67,252	$ 452,612	$ 803,304	$ 1,534,796
Addition	41,762	-	37,472	-	79,234
Disposal	-	-	(3,006)	-	(3,006)
Effect of foreign exchange	12,939	-	17,321	-	30,260
Balance December 31, 2024	$ 266,329	$ 67,252	$ 504,399	$ 803,304	$ 1,641,284
Effect of foreign exchange	5,101	-	(8,908)	-	(3,807)
Balance March 31, 2025	**$ 271,430**	**$ 67,252**	**$ 495,491**	**$ 803,304**	**$ 1,637,477**
Accumulated Depreciation					
Balance December 31, 2023	$ 185,064	$ 62,923	$ 370,161	$ -	$ 618,628
Depreciation for the period	6,882	1,399	14,150	-	22,431
Disposal	-	-	(1,428)	-	(1,428)
Effect of foreign exchange	4,498	(533)	15,039	-	19,004
Balance December 31, 2024	$ 196,444	$ 63,789	$ 397,922	$ -	$ 658,155
Depreciation for the period	3,031	886	5,561	-	9,479
Effect of foreign exchange	2,088	(713)	1,779	-	3,153
Balance March 31, 2025	**$ 201,563**	**$ 63,962**	**$ 405,262**	**$ -**	**$ 670,787**
Carrying value December 31, 2024	$ 69,885	$ 3,463	$ 106,477	$ 803,304	$ 983,129
Carrying value March 31, 2025	**$ 69,867**	**$ 3,290**	**$ 90,229**	**$ 803,304**	**$ 966,690**

(Unaudited - Expressed in Canadian dollars)

6 Exploration and evaluation assets:

	MEXICO					
	Promontorio	La Cigarra	Columba	Generative Anomalies	2025 Total	2024 Total
	$	$	$	$	$	$
Acquisition Costs						
Balance, beginning	3,658,642	30,548,524	4,825,563	942,946	**39,975,675**	39,747,810
Incurred	-	-	43,293	27,019	**70,312**	227,865
Balance, ending	**3,658,642**	**30,548,524**	**4,868,856**	**969,965**	**40,045,987**	39,975,675
Exploration Expenditures						
Balance, beginning	32,687,917	6,480,154	20,550,107	7,837,358	**67,555,536**	60,233,283
Assaying and Lab	-	-	-	-	**-**	35,554
Camp Costs	-	-	303,404	-	**303,404**	301,593
Drafting	-	-	-	-	**-**	-
Drilling	-	-	957,578	-	**957,578**	4,427,497
Geological mapping	-	-	594	-	**594**	2,972
Maintenance	-	-	-	14,849	**14,849**	15,936
Miscellaneous	-	-	-	5,950	**5,950**	12,772
Geological Consulting and Prospecting	-	-	806,635	281	**806,916**	2,525,929
Incurred	**-**	**-**	**2,068,211**	**21,080**	**2,089,291**	7,322,253
Balance, ending	32,687,917	6,480,154	22,618,318	7,858,438	**69,644,827**	67,555,536
Total properties balance	**36,346,559**	**37,028,678**	**27,487,174**	**8,828,403**	**109,690,814**	107,531,211
Balance, beginning	**(2,652,917)**	**(146,111)**	**1,246,071**	**(6,926,916)**	**(8,479,873)**	(10,261,404)
Impaired or disposed	(33,693,642)	(36,882,567)	-	(1,303)	**(70,577,512)**	(70,577,512)
Mineral exploration refund	-	-	-	-	**-**	-
Change in foreign currency translation for the period	-	-	(227,826)	(1,593)	**(229,419)**	1,781,531
Carrying value exploration and evaluation assets	**-**	**-**	**28,505,419**	**1,898,591**	**30,404,010**	28,473,826

6 Exploration and evaluation assets *(continued)***:**

La Cigarra – Chihuahua State, Mexico

The Company acquired the La Cigarra project through the acquisition of Northair and its wholly owned Mexican subsidiary Grupo Northair.

The La Cigarra project is 100% owned by the Company with no underlying royalty on the resource. However certain concessions are subject to a 1% net smelter royalty under an agreement with DFX Exploration Ltd. (the "DFX Agreement"). Pursuant to the terms of the DFX Agreement, a royalty will be paid of $0.10 per silver equivalent ounce from production to a maximum of 185 million ounces from the Parral 2 concession.

On April 19, 2016, the Company purchased from Coeur Capital a 2.5% net smelter royalty ("NSR Acquisition") that it held on the La Cigarra project for total consideration of US$2,500,000 of which US$500,000 ($646,025) was paid in cash and US$2,000,000 was completed through the issuance of 9,629,091 common shares (valued at $2,648,000) of the Company. The NSR Acquisition and transaction costs have been recorded as La Cigarra acquisition costs. During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of $36,882,567 to the carrying value of La Cigarra. The Company maintains the project in good standing. The recognition of impairment was determined primarily due to a lack of financing and no significant exploration work was planned.

Promontorio – Sonora State, Mexico

The Company entered into an agreement on October 20, 2006 with Siete Campanas de Plata, S.A de C.V. ("Siete"), Exploration Canada De Oro, SA de CV ("ECO") and the Mexican Government Agency ("FIFOMI") to acquire an unencumbered 100% registered and beneficial interest in the Promontorio Concession, which includes the former producing Promontorio Mine Site. Upon completion of a bankable feasibility study or commencement of production, the Company must pay the remaining cash balance of US$210,000 to ECO.

A 1% net smelter royalty is payable to Siete on the core claims of Promontorio of which the Company can purchase 50% of this net smelter royalty at any time for US$500,000. The Company also has a right of first refusal to purchase the remaining 50% of this royalty. Additionally, a 2% net smelter royalty is payable to ECO on the core and surrounding claims. The Company may upon commencement of commercial production or sooner purchase 50% of this net smelter return for US$1,000,000. The Company also has a right of first refusal on the remaining 50% of this royalty. During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of $33,693,642 to the carrying value of Promontorio. The Company maintains the project in good standing. The recognition of impairment was determined primarily due to a lack of financing and no significant exploration work was planned.

Columba – Chihuahua State, Mexico

On November 12, 2018, the Company entered into an option agreement to acquire an undivided interest in the Columba project. Under the terms of the agreement, the Company must make total cash payments of US$3,290,000 within a four-year period with an initial payment of US$15,000 and first and second years payments totalling US$75,000 and US$150,000 respectively. Payments totalling US$500,000 and US$150,000 were made during the year ended December 31, 2021 and 2020 respectively. During the year ended December 31, 2022, the Company paid a further US$1,245,000. During the year ended December 31, 2023, the Company paid the final payments totalling US$1,075,000, of which US$215,000 was settled by issuing 245,233 common shares. The Company having fulfilled its requirements under the option agreement during 2023, holds 100% of the Columba project. The Agreement includes a work commitment of US$250,000 by the first anniversary and US$750,000 by the second anniversary of the Agreement, which the Company has fulfilled early. Upon earn-in

6 Exploration and evaluation assets *(continued)*:

the vendors retain a 2% net smelter royalty of which 1% can be purchased by the Company for US$750,000. The Company have registered a surface access agreement which allows exploration and exploitation until December 31, 2047. The agreement includes annual operating payments, certain bonus payments and for a 2% n.s.r. of which 1% can be bought by the Company for US$4.5M.

Other Properties – Mexico

On March 17, 2018, the Company entered into an option agreement with Capstone Mining Corp. (“Capstone”), whereby the Company granted Capstone the right to earn up to a 100% interest in the La Mina property. The terms of the agreement allow Capstone to earn an initial 60% interest by: spending an aggregate total of US$4 million in exploration expenditures over 4 years and paying an aggregate total of US$600,000 in staged payments to the Company on each anniversary to the Company. During the year ended December 31, 2021, the Company received US$100,000 from Capstone under the terms of the option agreement. During the year ended December 31, 2023, the option agreement was terminated by Capstone.

Property Investigation and Impairment

During the three months ended March 31, 2025, the Company expended $nil (2024 - $5,293) related to other property investigation expense and $230,468 (2024 - $279,701) related to exploration expenditures incurred on previously impaired properties that are still held by the Company. The Company reviews periodically for indicators of impairment in the carrying value of its mineral assets. During the three months ended March 31, 2025, no impairment was recorded.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

7 Share Capital and Reserves:

Authorized and share consolidation:

The authorized share capital is an unlimited number of common shares without par value. All issued shares, consisting of only common shares are fully paid. Effective November 14, 2023, a share consolidation of the Company’s issued and outstanding common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. As a result, the Company’s issued and outstanding warrants and stock options were also consolidated on a ten-to-one basis. All information relating to basic and diluted loss per share, issued and outstanding common shares, share purchase warrants, broker warrants, stock options, share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the share consolidation. There were 61,815,243 (2024 – 61,694,443) fully paid common shares on issue as at March 31, 2025.

Issued:

<u>Three months ended March 31, 2025</u>
During the three months ended March 31, 2025, under the terms “at-the-market” equity distribution program (the “ATM Program”) as announced on July 10, 2024, the Company issued 120,800 shares under the ATM program for gross proceeds of $126,689 and incurred cash shares issuance costs of $3,167 for net proceeds of $123,522.

(Unaudited - Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

Additionally, an aggregate total of 4,132,337 share purchase warrants with an average exercise price of $2.17 per share purchase warrant expired unexercised.

Year ended December 31, 2024
During the year ended December 31, 2024, under the terms of the ATM Program, the Company issued 1,000,000 shares under the ATM program for gross proceeds of $1,299,864 and incurred cash shares issuance costs of $32,497 for net proceeds of $1,267,368.

On April 25, 2024, the Company closed a public offering (the “Shelf Offering”) for gross proceeds of up to $10,350,000, which consisted of a sale of up to 9,241,071 units of the Company (each, a “Shelf Unit”) at a price of $1.12 per Unit (the “Shelf Offering Price”). The Company recorded $591,000 in cash share issuance costs and $312,179 being the fair value of finders warrants issued, from the Shelf Offering Each Shelf Unit consisted of one common share of the Company and one-half Common Share purchase warrant (each whole warrant, a “Shelf Warrant”). Each whole Shelf Warrant entitles the holder to purchase one Common Share of the Company at a price of $1.68 at any time before April 25, 2026. The net proceeds raised under the Offering will be used for the advancement of the Company’s Columba Silver Project in Mexico as well as for general working capital and corporate purposes.

On February 16, 2024, the Company closed a non-brokered private placement (the "Offering") of units of the Company (the "Units"), at a price of $0.75 per Unit (the "Offering Price"), the Company received total aggregate gross proceeds of $3,720,587, with $200,255 in cash share issuance costs and $55,797 being the fair value of finders warrants issued, from the Offering. Each Unit is comprised of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at a price of $1.10 per Warrant Share for a period of 24. months from closing. An aggregate total of 4,960,782 Common Shares and 2,480,391 Warrants were issued under the Offering. The net proceeds from the Offering will be used for exploration activities, property commitments on the Company's projects, working capital and general corporate purposes. On March 5, 2024, 4,457,951 share purchase warrants with an exercise price of $2.00 per share purchase warrant expired unexercised.

Options and Warrants:

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants			Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, December 31, 2023	18,419,080	$	1.70	2,868,000	$	1.50
Granted	7,766,710		1.44	1,310,000		0.90
Exercised	(555,560)		1.35	(170,000)		0.90
Expired	(4,457,951)		2.00	(708,000)		1.40
Outstanding, December 31, 2024	21,172,279	$	1.54	3,300,000	$	1.35
Expired	(4,132,337)		2.17	-		-
Outstanding, March 31, 2025	**17,039,942**	**$**	**1.39**	**3,300,000**	**$**	**1.35**

(Unaudited - Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

Warrants

As at March 31, 2025, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
4,999,995	1.35	November 7, 2025
304,387	0.90	November 7, 2025
2,480,391	1.10	February 16, 2026
138,106	0.75	February 16, 2026
4,620,535	1.68	April 25, 2026
527,678	1.12	April 25, 2026
3,772,500	1.40	May 23, 2026
196,350	1.00	May 23, 2026
17,039,942		

The weighted average remaining life of the outstanding warrants is 0.91 years (December 31, 2024 – 0.97 years). The fair value of warrants is estimated using the Black Scholes option-pricing model. Warrants are included in reserves until exercised, at which time they are transferred into share capital.

The following assumptions were used for the Black-Scholes valuation of warrants for the three months ended March 31, 2025, and for the year ended December 31, 2024:

	2025	2024
Risk-free interest rate	-	4.30%
Expected life of warrants	-	24 months
Fair value per warrant issued	-	$0.34-$0.59
Annualized volatility	-	102%
Dividend rate	-	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

Options / Restricted and Deferred Share Units

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time.

During the three months ended March 31, 2025, option-based compensation totalling $157,881 (2024 - $623,135) of which $64,672 (2024 - $236,508) was capitalized under mineral properties and $93,209 (2024 –

(Unaudited - Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

$386,627) was expensed. As at March 31, 2025, 3,300,000 options (December 31, 2024 – 3,015,000) with a weighted average exercise price of $1.35 per option (December 31, 2024 - $1.39) were fully vested and exercisable.

On March 06, 2024, the Company granted stock options to officers, directors, employees, and consultants, who provide services similar to those employees, to purchase up to an aggregate of 1,310,000 common shares of Kootenay at an exercise price of $0.90 per common share for a period of five years, the stock options will vest in increments with 25% vesting on grant date and the balance within 12 months of grant date. Additionally, the Company issued restricted and deferred share units totalling 905,000 common shares, which vest in 12 months of grant date.

As at March 31, 2025, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number of Options	Exercise Price	Expiry Date
65,000	$ 2.70	July 06, 2026
2,095,000	1.55	January 12, 2028
1,140,000	0.90	March 6, 2029
3,300,000		

The weighted average remaining life of the options is 3.2 years (December 2024 – 3.4 years). For stock options granted to employees, officers, directors and consultants, share based payment expense is measured at fair value and recognized over the vesting period from the date of grant. The fair value of stock options granted warrants for the three months ended March 31, 2025, and for the year ended December 31, 2024 were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2025	2024
Risk-free interest rate	-	3.55%
Expected life of options	-	5 years
Fair value per option granted	-	$0.90
Annualized volatility	-	93.0%
Dividend rate	-	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

Loss per share

The calculation of basic loss per share for the three months ended March 31, 2025 was based on the loss of $1,086,938 (2024 - $1,261,918) and the weighted average number of common shares outstanding of 61,714,027 (2024 – 48,165,650), respectively. The Company does not have any instruments that would give rise to a dilution effect as of March 31, 2025 and 2024. As at March 31, 2025, the Company has 3,300,000 options (2024 – 4,151,750) and 17,039,942 warrants (2024 – 16,579,626) that are anti-dilutive and thus, not included in diluted loss per share.

(Unaudited - Expressed in Canadian dollars)

8 Receivables and advances:

The Company's receivables are as follows:

		March 31, 2025		December 31, 2024
Net IVA/GST receivable	**$**	**1,499,527**	$	1,438,822
Other receivable		**30,138**		2,844
Total	**$**	**1,529,665**	$	1,441,666

As at March 31, 2025, the Company held $1,499,527 (2024 - $1,438,822) of IVA & GST receivable as non- current assets based on the expected timing of realization.

9 Supplemental Disclosure of Cash and Non-Cash Activities:

The following transactions incurred during the year did not include cash:

		March 31, 2025		March 31, 2024
Option based compensation capitalized in mineral property (Note 7)	**$**	**64,672**	$	236,508
Mineral property costs included in accounts payable	**$**	**16,803**	$	33,019

10 Related Party Transactions and Balances:

Except as disclosed elsewhere in these consolidated financial statements the following related party transactions were incurred in the normal course of business and were measured at the exchange amount.

Key management renumeration:

Key management personnel comprise the Company's Board of Directors and executive officers.

		March 31, 2025		March 31, 2024
Management fees charged by companies controlled by a director and/or officers (a)	**$**	**152,636**	$	152,636
Director fees (b)		**20,000**		20,000
	$	**172,636**	$	172,636

a) The Company has entered into a consulting agreement dated January 1, 2008 with Makwa Exploration Ltd. ("Makwa") for the services of James McDonald to act as the Company's President and CEO. The base monthly fee for Makwa was amended to $20,833.

b) For the three months ended March 31, 2025, the Company incurred $20,000 (2024 - $20,000) for compensation to directors. As at March 31, 2025, $20,000 (2024 - $20,000) was held in accrued liabilities as owing to directors for compensation.

c) For the three months ended March 31, 2025, the Company recorded $78,607 (2024 - $307,815) for non-cash stock-based compensation to officers and directors of the Company.

Related party balances are non-interest bearing with no specific terms of repayment and are unsecured.

(Unaudited - Expressed in Canadian dollars)

11 Segmented Information:

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's current assets, non-current assets, current liabilities, and mineral properties and non-current liabilities by geographic location are as follows:

	March 31, 2025	December 31, 2024
Canada:		
Current assets	**$ 2,098,270**	$ 4,976,557
Non-current assets	**845,220**	820,611
Current liabilities	**(280,374)**	(285,897)
Non-current liabilities	**(72,033)**	(78,406)
	$ 2,591,083	$ 5,432,865
Mexico:		
Current assets	**$ 1,354,848**	$ 1,288,920
Mineral properties	**30,404,010**	26,692,291
Non-current assets	**1,713,046**	1,859,546
Current liabilities	**(37,834)**	(45,297)
	$ 33,434,070	$ 29,795,460

12 Commitments:

The Company entered into various contracts for office and warehouse rent in Canada and Mexico. The following table summarizes the Company's total annual obligations under this agreement as at March 31, 2025:

Year	
2025	$ 63,371
2026	$ 43,100
2027	$ 43,100

13 Financial Instruments and Financial Risk Management:

The Company's financial instruments include cash and cash equivalents, receivable and advances, marketable securities, accounts payable and accrued liabilities. The carrying values of these financial instruments are measured at amortized cost except for marketable securities, which are measured at fair value through other comprehensive income at each reporting period end.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

13 Financial Instruments and Financial Risk Management (*continued):*

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these condensed consolidated interim financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions The Company's accounts receivable relates to receivables from exploration partners who are earning a right to the Company's property via earn-in option agreements. Accordingly, the Company views credit risk on cash and other receivables as minimal.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements.

The Company anticipates it will have adequate liquidity to fund its financial liabilities.

As at March 31, 2025, the Company's liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian dollar, the United States dollar and the Mexican Peso. The Company's transactions are denominated in Canadian dollars, United States dollars and the Mexican Peso. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

(Unaudited - Expressed in Canadian dollars)

13 Financial Instruments and Financial Risk Management (*continued):*

The balances denominated in foreign currency are as follows:

	March 31, 2025	December 31, 2024
	US$	US$
Cash and cash equivalents	**264,664**	265,554
Trade accounts payable and accrued liabilities	**16,453**	18,609
	Mexican Peso	Mexican Peso
Cash and cash equivalents	**3,922,512**	2,624,101
Receivables and advances	**315,927**	67,006
Trade accounts payable and accrued liabilities	**547,603**	760,369

The Company has completed a sensitivity analysis to estimate the impact of the change in the foreign exchange rates on net loss for the period. The result of the sensitivity analysis shows a change in +/- 10% in the US Dollar and Mexican Peso exchange rate could have a collective impact of approximately +/- $61,666 (2024 - $48,911). This result arises primarily because the Company has Mexican Peso denominated cash accounts, accounts receivable and short term liabilities. The actual results of a change in foreign exchange rates would depend on the foreign currency denominated assets and liabilities at the time and could cause the impact on the Company's results to differ from above.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's condensed consolidated interim financial statements.

d) Fair value of financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

(Unaudited - Expressed in Canadian dollars)

13 Financial Instruments and Financial Risk Management *(continued)*:

March 31, 2025		**Level 1**		**Level 2**		**Level 3**		**Total**
Marketable securities	$	826,102	$	-	$	-	$	826,102
December 31, 2024		Level 1		Level 2		Level 3		Total
Marketable securities	$	666,922	$	-	$	-	$	666,922

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year ended December 31, 2024, marketable securities previously held in a privately held company commenced trading on the TSX Venture Exchange on May 1, 2024. As a result, these securities were reclassified from level 3 to Level 1 within the fair value hierarchy. The Company's carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

14 Capital Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company's capital structure includes working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees enter into joint venture arrangements or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing, Schedule 1 bank accounts and highly liquid short-term interest-bearing investments, with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the three months ended March 31, 2025.

(Unaudited - Expressed in Canadian dollars)

15 Right of use asset and lease liability:

On September 01, 2024 the Company entered into office leases that resulted in right-of-use assets and lease liabilities. The balances are as follows:

Right-of-use assets:

Balance, December 31, 2024	$ 101,570
Lease additions	-
Amortization	(9,522)
Balance, March 31, 2025	**$ 92,048**

Lease liabilities:

Balance, December 31, 2024	$ 117,354
Lease Accretion (note 9)	2,099
Office rent payments	(10,775)
Balance, March 31, 2025	**$ 108,678**
Short term portion, lease liability	36,646
Long term portion, lease liability	$ 72,032

16 Subsequent Event:

Subsequent to March 31, 2025, and pursuant to an “at-the-market” equity distribution program established under to a prospectus supplement dated July 4, 2024, the Company issued 60,200 common shares at an average price of $1.0374 per common share. The Company raised aggregate gross proceeds of $62,451 and aggregate commissions payable of $1,561 to Research Capital Corporation (who acted as agent), resulting in aggregate net proceeds to the Company of $60,890.